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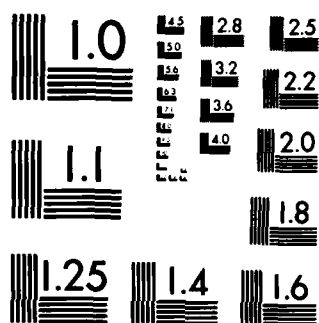
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Venezuela's Pursuit of Caribbean Basin Interests

Implications for United States National Security

David J. Myers

January 1985

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prepared for the
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✓Although considerable differences between the Caribbean Basin policies of the United States and Venezuela did surface during the 1970s, congruent interests will continue to outweigh differences in the future. Venezuela has become one of three regional powers in the Basin. Venezuela pursues policies that largely parallel Washington's national security interests; these include political, economic, and territorial objectives. Security interests encompass defense of frontiers, neutralizing threats originating in the Basin, and maintaining an anti-querrilla capability.

PREFACE

Venezuela began to emerge in the 1970s as one of three regional powers in the Caribbean Basin, the others being Cuba and Mexico. This study analyzes Venezuela's political, economic, territorial, and military interests in the Caribbean Basin; its capabilities and limitations as an important regional actor; and the areas of probable conflict and cooperation with the United States as a result of Venezuelan policy toward the Basin.

This report was prepared by David J. Myers, Associate Professor of Political Science at Pennsylvania State University and a Rand consultant. Supported by Project AIR FORCE, the report is one of several studies completed under a Rand research project on U.S. national security interests and USAF requirements in the Caribbean Basin in the 1980s. The other Caribbean Basin studies are:

Edward Gonzalez, *A Strategy for Dealing with Cuba in the 1980s* (R-2954-DOS/AF), September 1982.

David F. Ronfeldt, *Geopolitics, Security and U.S. Strategy in the Caribbean Basin* (R-2997-AF), November 1983.

Joseph H. Stodder with Kevin F. McCarthy, *Profiles of the Caribbean Basin 1960/1980: Changing Geopolitical and Geostrategic Dimensions* (N-2058-AF), December 1983.

Adriana Bosch, *Nicaragua: The Internationalization of Conflict and Politics in Central America* (R-2998-AF), forthcoming.

This report benefited from a Department of State Conference, held April 14 and 15, 1983, which focused on Caribbean Basin security issues. It has since been revised to incorporate comments received at the Conference and has been updated to cover developments through May 1984.



SUMMARY

Although considerable differences between the Caribbean Basin policies of the United States and Venezuela did surface during the 1970s, congruent interests will continue to outweigh differences in the future. Venezuela's democratic elites are valued allies who deserve strong U.S. backing. Differences with them should be passed over as fairly unimportant disagreements among friends.

The Caribbean Basin competes with other geographic or functional interests within the spectrum of Venezuela's foreign policy concerns, including its traditional bilateral economic ties with individual North Atlantic countries, its more recent multilateral economic relationships with the Organization of Petroleum Exporting Countries, its alignments with the "southern" or developing states, and its relations with Brazil and other continental South American countries. Despite the importance of these other concerns, over the past decade Caracas has exhibited increasing interest in the Caribbean Basin. Indeed, along with Cuba and Mexico, Venezuela has become one of three regional powers in the Basin.

Unlike the other two actors, however, Venezuela pursues policies that largely parallel Washington's national security interests. This congruence stems from shared interests and threat perceptions, although some of Venezuela's ambitions and concerns potentially could lead to friction between Washington and Caracas. But on balance, if Venezuela's post-1958 democratic regime continues, which is likely in spite of disenchantment caused by the Herrera administration's poor economic performance, its Caribbean Basin policy should remain compatible with U.S. policies in the region during the 1980s.

Venezuela's Caribbean Basin interests encompass political, economic, and territorial objectives:

- *Politically*, Caracas seeks a supportive environment in the Basin: It is concerned with strengthening other democratic governments in the region, with assisting more traditional regimes to modernize, with minimizing the political influence of external powers, and with preserving stability in neighboring states.
- *Economically*, Caracas seeks to convert the Basin into a profitable market for its petroleum and manufactured products, and into a zone producing foodstuffs needed by Venezuela's own population.
- *Territorially*, Venezuela continues to claim over 60 percent of western Guyana, the Essequibo, and most of the waters lying inside the Gulf of Venezuela. (See Fig. 1, below.) Of the two territorial disputes, the Essequibo has the greater potential to become a source of intra-regional conflict, the more so because high quality petroleum was recently discovered in the contested territory. The Essequibo dispute could thus become a divisive issue in the U.S.-Venezuelan relationship.

Venezuela also has security interests in the Basin that include frontier and national defense, and a desire to assist friendly governments in the region. Save for their territorial dimensions, these Venezuelan concerns are highly congruent with U.S. interests.

Defense of Frontiers. Venezuela remains most exposed along its 800-mile Caribbean coast and is thus vulnerable to Cuba's growing military capabilities. Within 50 miles of that coast are located the bulk of Venezuela's population, most of its industrial production, and a majority of its producing oil fields. These installations and population

Fig. 1—Venezuela

and industrial centers would have been vulnerable to attacks by MiG-21 and MiG-23 aircraft based in Grenada had the United States and Eastern Caribbean states not intervened and dislodged the revolutionary communist dictatorship of Bernard Coard and General Hudson Austin.

The potential of the Colombian M-19 guerrillas to infiltrate insurgents across Venezuela's western border also worries Caracas. Furthermore, Colombia's best military units are stationed along this frontier. During the 1980s Caracas will seek to maintain rough parity with regular Colombian forces and an anti-guerrilla capability.

Along the southern and western frontiers, Venezuela's military concerns are with units belonging to the Brazilian Amazon Command. President Carlos Andres Perez declared southern Venezuela a National Security Zone in the middle-1970s, and during the Herrera government the Venezuelan military upgraded its installations throughout the region. The recently modernized bases are also positioned to project military power eastward.

Venezuela's eastern boundary with Guyana has been disputed for more than 100 years. Should this dispute take on military dimensions, it could involve not only Venezuela and Guyana, but also Brazil, Suriname, and Cuba, and even has the potential to spill over into the east-west arena. A second territorial dispute to which Venezuela is a party concerns delimiting the boundary with Colombia in the potentially oil-rich Gulf of Venezuela. The probability that either side might resort to military force in this conflict is low at the present time.

Neutralizing Threats Originating in the Basin. Havana's subversion of pluralistic democratic governments and its potential as a direct military threat to Venezuela itself are important considerations for Caracas's defense policy. With Fidel Castro's encouragements, the leftist regime of Maurice Bishop in close-by Grenada was evolving during the early 1980s into a Cuban client-state. Its brief but violent descent into communist military dictatorship frightened most Venezuelans and explains their acceptance of Washington's decision to intervene militarily. Also, events in Grenada were seen as vindicating the decision by the Air Force and both major political parties to purchase 24 F-16 interceptor aircraft for the purpose of deterring attacks from across the Caribbean on the northern coast. Some Venezuelan military officers have suggested establishing a small rapid deployment force to project Venezuelan power into the Caribbean, including perhaps assisting friendly island governments to cope with local unrest. However, there is no broad political consensus concerning the feasibility or necessity for such a force. Therefore, **during the 1980s, Caracas may be limited to projecting its influence through economic assistance.**

Maintaining the economic assistance levels that characterized Venezuela's Caribbean Basin policy during the late 1970s and early 1980s depends upon recovery from the economic turmoil of 1983. Recovery will be contingent upon prudent economic planning by the Lusinchi government, and upon whether the market price of petroleum drops no lower than the U.S. \$28 per barrel to which it fell in mid-1983. In the meantime, Venezuela must continue to rely on the United States to ensure the security of the Basin, and especially to deter or contain any military threat emanating from Cuba.

Maintaining an Anti-guerrilla Capability. Venezuela's most proficient military skills relate to its elite anti-guerrilla units, the *cazadores* (hunters). The *cazadores* crushed Castro-inspired insurgency in Venezuela in the middle-1960s, and these units can be returned to a high level of readiness within a fairly short time. During any such rebuilding, **great care would have to be exercised that domestic or foreign-trained insurgents or their allies did not penetrate the command and communications structures of the cazador units.**

Despite its emergence as a regional actor, Venezuela's military presence in the Caribbean Basin is likely to be constrained by several factors in the 1980s. **The rising cost of armaments limits the development of an effective force of fighter aircraft**, but if Cuban MiG-21s or MiG-23s should acquire bases in the eastern Caribbean Venezuela might want more than the 24 F-16s currently on order, perhaps seeking as many as 90 of these aircraft. However, Venezuela could not pay for additional F-16s without U.S. financial assistance, and the Venezuelan Air Force has limited maintenance capability, which may lower the actual number of aircraft they can absorb. The sharp decline in Venezuela's oil revenues and the large debt that Venezuela must now reschedule also constrains the country's options in this regard.

Venezuela's inability thus far to ensure proper equipment maintenance also constitutes a limitation on its armored forces' combat effectiveness, especially along the Venezuelan-Colombian border. Consequently, in the unlikely event of hostilities with Colombia, Venezuela would have trouble defending its second city of Maracaibo. In addition, its military forces along the southern frontier are also inferior to those of Brazil.

Logistical complexities further undermine the effectiveness of Venezuelan armed forces. In the Amazon, vast distances compound this limitation and make it extremely difficult to mount large-scale military operations along the Brazilian-Venezuelan border. Although distances are considerably shorter in the east, the Venezuelan-Guyana border area also presents major geographic obstacles for any Venezuelan attempt to occupy the Essequibo. Other factors complicating Venezuela's movement into the Essequibo would be shortages of operational aircraft capable of troop transport and resupply, no functional naval landing craft, and incompatibilities among air force, naval infantry, and army communications equipment.

There are additional political constraints acting on Venezuela in the Guyana dispute. Washington has often cautioned Caracas that the United States remains strongly opposed to the use of force. Given events in the Malvinas (Falkland) Islands during May 1982, this warning is a considerable deterrent against any military ventures by Caracas.

For the present, **Venezuela's nonmilitary assets provide more effective instruments with which to pursue economic, political, and territorial interests in the Caribbean Basin.** The vitality and structure of the economy and polity, as well as the image Venezuelans have of themselves, have enabled Caracas to play an active role in the Basin. Venezuelans still cling to the glorious traditions associated with Simon Bolivar's liberation of northern South America. Because of this, they see history as demanding that they play an important role in Latin America, including in the Basin. During the 1980s they may seek to wield three policy instruments that emanate from Venezuela's economic and political strengths:

- Wealth, derived from the sale of petroleum, is Venezuela's most important asset for extending its influence throughout the Basin. Despite reductions in oil revenue during 1983, Venezuela remains by far the richest country in the Caribbean Basin.
- On the political front, Venezuela's open, pluralistic, and nonthreatening political system enables Basin governments and political movements, with different ideological orientation, to link themselves with Caracas. In turn, Venezuela's two principal political parties—*Accion Democratica* and *COPEI*—both are outward oriented and possess an organizational structure and cadres that extend Venezuela's influence into the Basin.

- Recently developed Venezuelan state corporations potentially could provide an alternative source of manufactured goods and industrial technology for Caribbean Basin states seeking to lessen their dependence on northern multinational corporations, especially in light of the 1983 currency devaluation. The ponderous style of Venezuelan bureaucracy, however, detracts from the attractiveness of Caracas as a trading partner.

These instruments have extended Venezuela's influence over the past decade. However, **the current domestic economic decline, the consequence of both international economic difficulties and internal management, has reduced Venezuela's capabilities to pursue its Basin interests**, at least for the present.

A less important cluster of nonmilitary assets inhibiting as well as facilitating Venezuela's role as a regional actor relates to the diplomatic skills displayed in managing international linkages. Venezuelan diplomats have on occasion maneuvered adroitly in the international arena. But at times they have displayed **weaknesses in the areas of long-term sustainability and in the follow-through necessary to carry out their policies**. This contradictory performance extends across the entire range of international organizations in which Venezuela participates: the United Nations, the Organization of American States, the Inter-American Development Bank, the Andean Pact, the Latin American Economic System (SELA), and the Caribbean Development Bank.

Venezuelan foreign policy has both paralleled and conflicted with U.S. interests, depending on whether the agenda addresses east-west or north-south issues. **When matters have involved east-west confrontation, Venezuela has usually sided with the west. When the focus was on north-south issues, Venezuela increasingly has taken the side of southern economic nationalism.** As specific problems come to involve elements of both the east-west and north-south confrontations, it will be difficult to predict whether the policies of Washington and Caracas will be congruent or conflicting.

Relations with Venezuela during the 1980s require that the United States emphasize shared Caribbean Basin interests and downplay those that generate friction. Both countries desire to strengthen pluralistic democratic governments. However, the movement away from traditional political authoritarianism is slow and halting, as is social change. In such situations, Caracas has sometimes supported authoritarian socialist movements on the grounds that modernization by authoritarian leftist means is better than no modernization at all. Hence, **Caracas and Washington are likely to disagree regarding governments that are unable or unwilling to commit themselves to fundamental social and economic transformation.** Nevertheless, the United States can take advantage of channels that Venezuela may have to keep authoritarian leftists from falling under Soviet domination.

Building on common political objectives, **both Washington and Caracas have a shared interest in Venezuela's increasing its military capability to defend the oil-rich and heavily populated Caribbean coast.**

- If the United States helps the Venezuelan Air Force in developing maintenance skills, Venezuela will be able to support its recently acquired F-16s at a high level of combat readiness.
- Once this capability is in place, the United States could decide to facilitate Venezuela's acquisition of additional F-16s to defend its oil-producing facilities, industrial installations, and population centers against attacks originating in Cuba.

In the event of a limited U.S. engagement in Europe, the Middle East or Asia, an expanded Venezuelan fighter defense based on the F-16 might also release U.S. air and naval forces currently targeted on the Caribbean.

Caracas and Washington **also share an interest in maintaining Venezuelan anti-guerrilla units at a level of proficiency sufficient to blunt any effort by insurgents to overthrow Venezuela's democratic government.**

- It would be detrimental to U.S. interests if the combat capabilities of the elite cazador units deteriorate.
- There is currently concern that the communists are making a strong attempt to infiltrate the command centers through which the cazador units operate. This may reflect calculations that growing economic difficulties in Venezuela will create a political climate favoring the return to guerrilla insurgency as a tactic for coming to power. In this situation, communists would assign a high priority to neutralizing the cazador units.

The United States also should keep abreast of any Venezuelan plans to create a conventional rapid deployment force that could be used in the Caribbean. A force of this nature might serve the interests of both the United States and Venezuela. Consequently, Washington may want to encourage Caracas to follow through with development of such a force, even given the considerable expenditures this would involve.

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I. INTRODUCTION

For one brief period, during the independence movement between 1810 and 1830, Venezuela played an important role in Latin American international politics; but subsequent internal political decay so diminished Venezuela's capability to project power and influence beyond her frontiers that until the early 1960s there was no Venezuelan foreign policy in any meaningful sense. Beginning with Romulo Betancourt in 1959, presidents during the contemporary democratic regime have attempted to articulate and implement a foreign policy that would both strengthen internal democracy and allow Venezuela to actively pursue her national interests. The more Venezuelans assumed an active role in foreign affairs, the greater was their concern with the Caribbean Basin.

Venezuelans think about the Caribbean Basin differently than do North Americans. Historically, Venezuelans were most concerned with Central America, the Dominican Republic, Puerto Rico, Cuba, and Haiti, an area sharing Latin culture and a generally similar history. This perspective of a shared culture and a shared past is central to understanding the Venezuelan position toward Fidel Castro's association with the Soviet Union. Venezuelans believe that in the long run Castro's Latin American roots will prove more important in setting Cuba's international course than Marxism-Leninism. This belief that Latin culture can and should prevail in the Spanish speaking Caribbean explains the support by both of Venezuela's major political parties for Puerto Rican independence, even though their leaders often have expressed admiration for North American democracy.

In the English and Dutch speaking Caribbean, Venezuela's experience is very different from that in the Basin's Latin countries. The one-time English and Dutch colonies, except for the remaining Dutch-controlled islands of Curacao, Aruba, and Bonaire, have only recently gained their independence. Venezuelans feel a strong affinity with these newly independent countries' open political systems, but they find their culture and language strange. Only within the past several years has the Venezuelan foreign ministry begun to develop a coherent policy toward these non-Latin Caribbean states. Although Washington includes the English and Dutch speaking Caribbean in the Caribbean Basin Initiative, the Venezuelans think about each of the several subregions of the Caribbean Basin almost autonomously. This is especially true concerning Mexico, which only from the geostrategic perspective of the United States forms part of a region conveniently labeled the Caribbean Basin.

This report analyzes Venezuelan interests within the area included in the Caribbean Basin Initiative. It examines what they are, Venezuela's will and capabilities to pursue them, and their implications for the United States during the 1980s. Venezuela's Caribbean Basin interests are political, military, territorial, and economic. After 1973, greater petroleum revenue dramatically increased the Venezuelan government's capabilities to pursue a broad range of foreign policy objectives. At the same time, U.S. ability to maintain the region as a special American preserve declined, and Western European countries were withdrawing from their island colonies. The dynamics of this situation dictated that Venezuela would emerge as a regional economic and political power.

In the early 1980s the United States began to reassert itself in the Caribbean Basin, at the same time the petroleum revenue that facilitated Venezuela's emergence as a regional power declined. Other factors limiting Venezuela's capabilities to pursue its interests in the Basin for the remainder of the decade include certain national character traits, the willingness

of many Venezuelans to accept continuing technological dependence on the North Atlantic economies, deficiencies in human resource development programs, the substantial foreign debt accumulated between 1976 and 1982, the ponderous operational style of the bureaucracy, and the comparatively open nature and increased fragility of the current democratic experiment. Nevertheless, relative to other Caribbean states Venezuela retains a substantial capability to pursue her Caribbean Basin interests. It is improbable that Caracas will ever resume the passive posture toward the Caribbean Basin that characterized its foreign policy before the overthrow of General Marcos Perez Jimenez on January 23, 1958.

Venezuelan intentions and capabilities in the Caribbean Basin raise important questions for U.S. foreign and security policy. The first concerns the degree and kind of cooperation with Venezuela that is desirable where U.S. and Venezuelan interests coincide. These include supporting the Basin's democratic regimes, modernizing the capabilities of the Venezuelan armed forces, and maintaining the health of the Venezuelan economy.

A second question, the other side of the coin, concerns the policies the United States should follow when U.S. and Venezuelan interests diverge. Unless Venezuela perceives a strong military threat, as occurred in the Cuban assisted buildup of Grenada's military installations, the United States and Venezuela would find themselves on opposing sides should the former intervene unilaterally with military force in a Caribbean Basin state. The two countries will undoubtedly continue to disagree over policies adopted by the Organization of Petroleum Exporting Countries (OPEC), over how far into authoritarian Marxism a Caribbean Basin country may be allowed to sink before it should be treated as a pariah, and over Venezuelan efforts to regain territory lost in 1899 to neighboring Guyana. Although disagreement over these issues could place Washington and Caracas on a collision course in some instances, it remains advantageous for the United States to strengthen Venezuelan capabilities to operate as a regional power during the remainder of the 1980s. Venezuela's capability to so function is closely linked with income related to the sale of petroleum. Hence, an important component in the U.S. Caribbean Basin policy should involve reserving a sufficient share of the U.S. petroleum import quota to enable the Venezuelan economy to remain strong and buoyant.

In summary, this report will address four basic questions in order to assess the implications of Venezuela's pursuit of its Caribbean Basin interests for U.S. national security:

- Where does the Caribbean Basin fit within the spectrum of Venezuela's overall foreign policy interests and what are the historic concerns of Venezuela in the Basin?
- What are the principal elements of their country's Caribbean Basin policy that Venezuelan civilian and military elites currently see as the most important Basin interests that need to be pursued for the remainder of the 1980s?
- What are the capabilities and limitations that are likely to affect Venezuela's capacity to achieve its Caribbean Basin objectives during the 1980s?
- What are the policy implications of the above questions for the United States with respect to its future relations with Venezuela and the rest of the Caribbean Basin?

II. VENEZUELAN FOREIGN POLICY CONCERNS

Foreign policy traditionally has been of secondary concern for Venezuelans. Beginning with their independence struggles, and lasting until just before World War I, Venezuelan leaders devoted most of their energy toward unification of the country's warring regions. The return of political order was followed by decades of rebuilding and attending to human needs. Consequently, domestic matters dominated Venezuelan politics until well into the twentieth century. Foreign policy became a major concern only after it was discovered that cooperation with other oil-producing countries could greatly increase the quantity of resources available for internal economic development. This new-found interest in foreign policy led to a period of trial and error concerning foreign policy issues and regional arenas. On the basis of experimentation beginning in the early 1960s, the Caribbean Basin region evolved into a high priority regional arena for Venezuelan foreign policy.

PRIMARY INTERESTS OUTSIDE THE BASIN

Until the middle of the twentieth century, commerce between Caracas and the North Atlantic was the only truly important activity of Venezuelan international relations. More recently, the coordination of policy with other petroleum producers in OPEC, and with southern or developing countries in general, has acquired great importance. This has given Caracas an opportunity to resurrect rhetoric associated with such anti-Anglo and anti-American themes as *Latin American unity*, *Bolivarian solidarity*, and *hispanic cultural superiority*. Relations with other Latin American countries, however, often have been rocky. Especially in continental South America, a third area of geopolitical concern, Caracas is unhappy with growing Brazilian power and with the sputtering of efforts by the Spanish speaking countries to develop a viable economic community within the Andean Pact. Activities associated with international relations in each of the above arenas—the historically dominant North Atlantic, OPEC, and South America—will continue to compete with the Caribbean Basin during the 1980s for the attention of outward-looking Venezuelans.

Traditional Concerns with the North Atlantic Countries

Venezuela's most important international relations continue to involve the North Atlantic region. This primacy derives from, and is determined by, the composition of Venezuelan exports and imports.¹ The most important Venezuelan exports always have been raw materials, and until recently all but a minute fraction of these exports were sold to buyers in Western Europe and the United States. The most important Venezuelan exports in the 19th century were cocoa and coffee. In the 20th century these were replaced by petroleum. The latter commodity currently accounts for almost 90 percent of the total dollar value of Venezuelan exports.²

¹For a useful analysis of Venezuelan ties with the North Atlantic region see John V. Lombardi, "The Patterns of Venezuela's Past," in John D. Martz and David J. Myers (eds.), *Venezuela: The Democratic Experience*, Praeger Press, New York, 1977, Ch. 1.

²Diego Luis Castellanos, "Venezuela en el Contexto de la Economía Mundial," *Nueva Sociedad*, No. 4, July-August 1980, Caracas, pp. 72-75.

Traditionally, Venezuelan raw materials were exchanged for manufactured goods from Western Europe and the United States, but since the early 1960s Venezuela has attempted to use petroleum revenue to purchase technology to develop her own industrial infrastructure. However, as in the case of the manufactured goods, the high technology sought for industrialization was available most readily from countries in the North Atlantic. Consequently, no other region even approached the importance of the North Atlantic in the calculations of Venezuelan foreign policy and security policy strategists.

New Alignments with OPEC and Southern Countries

The first important break in this pattern came in the wake of the 1973 oil embargo against Western Europe and the United States by Arab producer countries seeking to weaken "Western Bloc" support for the state of Israel. Unanticipated events in the Middle East thus dramatically increased Venezuela's bargaining power with those who purchased her most important export. Correspondingly, relations with other members of OPEC, most of which were located in the Middle East, assumed an importance only slightly less than that accorded to relations with countries in the North Atlantic region.³

The new power of the OPEC countries suggested to Venezuelan foreign policymakers that even greater benefits might be obtained through cooperation with other third world or southern countries on a broad range of international issues. Consequently, although remaining within the U.S. oriented Inter-American System, Venezuelan leaders began drawing closer to their African, Asian, and Middle Eastern counterparts, first by joining in the call for global negotiations to redress the imbalance between rich nations and the poor and subsequently by assuming observer status in the Movement of Non-Aligned Countries. Historical ties to the North Atlantic and continuing skepticism concerning the utility of general south-south cooperation explains the initial caution with which Venezuela explored fuller participation in the Non-Aligned Movement. Caution briefly gave way to the rhetoric of southern solidarity and Latin American unity after the United States and the European Common Market supported Great Britain's use of military force to dislodge Argentina from the Falkland Islands in May 1982.⁴ However, falling petroleum prices and the dramatic flight of capital severely strained Venezuela's economy during early 1983. The Herrera government responded in late February by instituting foreign exchange controls that foreshadowed a drastic devaluation of the bolivar. These events, and the need to negotiate a rescheduling of Venezuela's sizable foreign debt, awakened old doubts within Venezuela's two major political parties that south-south cooperation could lessen their country's dependence on the North Atlantic.

South American Concerns

In the 1970s, Caracas came to view with growing concern Brazilian efforts to integrate the Amazon Basin into its effective national territory. Three Venezuelan administrations, beginning with that of Rafael Caldera, committed themselves to integrating Venezuela's own Amazonian periphery with population centers along the Caribbean Basin. Brazil's efforts, however, far surpassed those of Venezuela, and this imbalance evoked periodic concern among Venezuelan diplomats and the military. Nevertheless, the vastness of the Amazon Basin made

³Franklin Tugwell, *The Politics of Oil in Venezuela*, Stanford University Press, Stanford, California, 1975.

⁴During August 1982, Venezuelan diplomats were attempting to convince their Andean and Caribbean neighbors that membership in the Non-Aligned Movement was desirable. *Diario de Caracas*, Caracas, August 7 and 22, 1982.

even the Brazilian effort appear like a drop in the bucket, thus reducing a potentially major issue to secondary importance.

The other important but secondary foreign policy concern, integration of the Bolivarian Republic's economies inside of the Andean Pact, received only marginal attention during the early 1980s. Over the preceding decade it had become clear that Venezuela's high priced industrial goods could not compete with their counterparts in Colombia, Ecuador, Peru, and Bolivia. This vindicated the long-standing opposition of Venezuelan businessmen toward lowering tariff barriers on imports from their Andean neighbors. However, the Caldera government had entered the Andean Pact in 1973 with full knowledge that Venezuela would not benefit economically from membership. Caldera's aim had been to create an alliance of Spanish speaking countries that could confront growing Brazilian power in South America from a position of strength. Neither the Perez administration (1974-1979) nor the Herrera government (1979-1983), however, shared Caldera's alarm over Brazil. Consequently, with the Andean Pact's negative economic effect confirming negative expectations, and with its political reason for being no longer a major concern, this once promising attempt at regional economic integration teetered on the brink of dissolution during the early 1980s. Also, Venezuela's lingering dispute with Colombia over the Gulf of Venezuela, as well as the problem of continuing illegal immigration, has cooled enthusiasm in Caracas for bilateral economic arrangements with Bogota.

VENEZUELA AND THE CARIBBEAN BASIN

Caribbean Basin policy is somewhat less important to Caracas than maintaining good relations with other petroleum producers, but considerably more important than the strengthening of its ties with the countries of Africa and Asia. Building bridges to Caribbean Basin neighbors, however, is not unrelated to the broad strategy of strengthening relationships with other southern countries for the purpose of acquiring bargaining leverage against the industrial north.

The Caribbean Basin came into its own as an important arena of Venezuelan foreign policy only after 1970, but Venezuela began to play a limited role in the region's international politics soon after the death of General Juan Vicente Gomez, in December of 1935. The years of awakening interests between 1936 and 1970 can be divided into a period of disjointed initiatives (1936-1957) and a period of democratic regime consolidation (1958-1970).

Disjointed Initiatives, 1936-1957

The first important event in the disjointed initiative period was President Eleazar Lopez Contreras's negotiation in 1941 of a boundary disagreement with Colombia on the Guajira peninsula. However, the two sides could not agree on delimiting the boundary between their territorial claims in the Gulf of Venezuela. Delimitation of the waters and continental shelf between the two countries, an issue that is exacerbated by the probable existence of petroleum in the shelf, remains a potential source of conflict in the Caribbean Basin today.

During World War II, Venezuela used Great Britain's need for oil to obtain the transfer from British to Venezuelan sovereignty of the small island of Patos, located between Venezuela and Trinidad, as well as a treaty that delimited international boundaries in the Gulf of Paria.⁵

⁵Demetrio Boersner, "Venezuela and the Caribbean," *Caribbean Review*, Vol. 8, No. 4, Fall 1979, pp. 8-9.

After the war the social reformist government of Romulo Betancourt extended Venezuelan support to democratic exiles and rebels fighting against Caribbean dictatorships.⁶ Cordial relations were maintained with the Grau San Martin government in Cuba, the Estime government in Haiti, the Social Democratic revolution of "Pepi" Figures in Costa Rica, and with Mexico. This period also saw Venezuela cooperate with its neighbors to establish joint economic ventures such as the Gran-Colombia Merchant Fleet, an independent merchant marine fleet owned jointly by the governments of Colombia, Ecuador and Venezuela.

Before additional initiatives could be undertaken, Venezuela's Social Democrats (Accion Democratica) were ousted from power by the reactionary military coup of November 1948. In abandoning cooperative multinational ventures, the newly installed colonels even went so far as to pull Venezuela out of the Gran-Colombia Merchant Fleet. However, relations with other dictatorial regimes in the Caribbean Basin improved. Also, during 1954, Venezuelan president General Marcos Perez Jimenez secured Colombian recognition of Venezuelan sovereignty over the small Los Monjes islands in the Gulf of Venezuela, and he continued to state Venezuela's claim to the eastern five-eighths of British Guiana (the Essequibo). In general, however, except for relations with the petroleum multinationals, foreign policy issues remained secondary during the Perez Jimenez years.

Democratic Regime Consolidation, 1958-1970

The subsequent period of democratic consolidation saw the Caribbean Basin acquire enhanced importance as a factor in Venezuelan domestic and foreign relations. The period began with dictator Rafael Trujillo of the Dominican Republic plotting to overthrow Venezuela's newly elected Social Democratic president, Romulo Betancourt.⁷ At the Marxist-Leninist pole of the ideological spectrum, Fidel Castro sponsored efforts by dissident Venezuelan leftists committed to recreating in their homeland the Cuban dictator's successful guerrilla campaign against Fulgencio Batista. Early in the years of democratic consolidation, therefore, Venezuela fought off attempts from the extreme right and the extreme left to destroy its pluralistic democratic experiment. Each of these attempts originated in neighboring Caribbean Basin states, which goes far in explaining why support for ideologically compatible regimes became the cornerstone of Venezuela's Caribbean Basin policy.

In March of 1964, Romulo Betancourt passed the sash of presidential office to Raul Leoni, also a popularly elected Social Democrat. The Castro-backed insurgency continued initially as the problem of greatest urgency originating in the Caribbean Basin. A secondary concern associated with the Caribbean Basin, but also involving the Amazon Basin and Brazil, was the claim against territory in eastern British Guiana. In 1966, President Leoni signed an agreement in Geneva that would create a mixed commission to settle the boundary question by peaceful means, but only after British Guiana, soon to be known as Guyana, received its independence. President Leoni also established diplomatic relations with the newly emancipated Caribbean Basin island states of Trinidad, Jamaica, and Barbados; but these ties amounted to little more than an exchange of ambassadors. Like its predecessor, the Leoni

⁶Charles D. Ameringer, *The Democratic Left in Exile: The Antidictatorial Struggle in the Caribbean, 1945-1959*, University of Miami Press, Coral Gables, Florida, 1974.

⁷Robert J. Alexander, *Romulo Betancourt and the Transformation of Venezuela*, Transaction Books, New Brunswick, New Jersey, 1982.

administration concerned itself most with formulating rules and procedures that would unite the great majority of Venezuelans in support of the recently established democratic regime.⁸

Heightened Caribbean Basin Activism

A new era, one of interest definition and pursuit, began during the presidency of Rafael Caldera (1969-1974); it crystallized and matured during the administrations of Carlos Andres Perez (1974-1979) and Luis Herrera Campins (1979-1984). The outlines of policy that took shape during these governments will in all probability be followed by Venezuela in the Basin throughout the 1980s and into the early 1990s. When the era of interest definition and pursuit began, a gradual shift toward concern with the Caribbean Basin occurred, and the region became almost equal in importance to the North Atlantic and to OPEC.

Early in the Caldera government, a broad range of foreign policy concerns competed with the Caribbean Basin for attention. The President's admiration for the record of the European Economic Community in stimulating economic rebirth after World War II explains Venezuela's emphasis on Andean Pact integration. His long-standing concern with international social justice formed the basis of Venezuela's interest in Africa and Asia, and in the Non-Aligned Movement of developing countries.⁹ Finally, Brazil's growing presence throughout the Amazon Basin directed the Social Christian president's attention in an unanticipated direction: toward Venezuela's own Amazonian frontier.

The Caldera administration, even given the above foreign policy concerns, did not ignore the Caribbean Basin. Rafael Caldera sent his Trinidad-born foreign minister, Aristides Calvani, to travel among the new Caribbean Island states. While Calvani negotiated treaties of friendship and cooperation, his travels led him to conclude that meaningful relationships with these states would be impossible unless Venezuela's dispute with Guyana over the Essequibo territory could be managed so that Venezuela would not appear to threaten their recently acquired independence. Consequently, on June 18, 1970, Venezuela signed the Protocol of Port of Spain, a document that froze discussion of Venezuela's claim for 12 years.¹⁰ Calvani subsequently attempted to use Venezuela as a bridge to link Caribbean Basin states with the Andean Pact, and he sought to use a strengthened Andean Pact as a vehicle to counterbalance growing Brazilian power in continental South America.

The Social Democratic government of Carlos Andres Perez was less concerned with Brazilian power than with coordinating petroleum pricing policy with other OPEC members. Perez chose to ignore Calvani's geopolitical schemes because of the immediate benefits available to his government from the dramatic rise in petroleum prices that followed the 1973 Arab petroleum boycott against the North Atlantic and Japan. The new importance of the OPEC connection opened the eyes of the Perez administration to benefits that might be gained through cooperation with other developing or southern countries. Despite his long-standing ties with the United States, therefore, Perez began to adopt a radical third world stance that stressed the importance of southern solidarity in the struggle for a new international economic order.¹¹ His minister for international economic relations, Manuel Perez Guerrero, helped

⁸John Friedmann, *Venezuela: From Doctrine to Dialogue*, Syracuse University Press, Syracuse, New York, 1965.

⁹Rafael Caldera, *Justicia social internacional y nacionalismo Latinoamericano*, Seminarios Y Ediciones, Madrid, S.A., 1973.

¹⁰Robert D. Bond, "Venezuelan Policy in the Caribbean Basin," in Richard E. Feinberg (ed.), *Central America: International Dimensions of the Crisis*, Holmes and Meier, New York, 1982, pp. 191-192.

¹¹John D. Martz, "Venezuelan Policy toward Latin America," in Robert D. Bond (ed.), *Contemporary Venezuela*, New York University Press, New York, 1977, pp. 190-192.

launch the so-called "north-south" dialogue at Paris. Also, Carlos Andres Perez put a considerable amount of surplus oil money at the disposal of the southern countries, especially those in the Caribbean Basin, in the form of grants and loans.

President Carlos Andres Perez focused his international economic assistance on the Caribbean Basin because of its geographical proximity, because many Basin colonies of the Western European powers were receiving their independence, and because confusion in the United States over how to treat the Caribbean Basin prevented Washington from exercising its traditional dominance throughout the region. Perez also played an important role in rounding up international support for Panama's campaign to regain sovereignty over the Canal, and he resurrected Venezuela's claim to expanded fishing rights in the Gulf of Paria.

Of considerably greater importance for the United States, Carlos Andres Perez championed efforts to reintegrate Fidel Castro into the Caribbean Basin community. Even after the Cuban leader's adventures in Africa again raised the issue of Cuban intervention in the internal affairs of other states, the Venezuelan president cooperated with Castro to assist the Sandinista guerrillas in their struggle against the Somoza family's 50-year dictatorship in Nicaragua. Ever the democrat, Perez believed that Venezuela's wealth would enable him to compete successfully with Fidel Castro for influence with the Sandinistas. Perez gambled that Venezuelan financial assistance and support in the international arena would provide strong incentives for the Sandinistas to try some form of pluralistic democracy resembling the Venezuelan experience. In retrospect, he made a serious error in judgment. His behavior undermined Washington's efforts to install a Nicaraguan government sustained by two military forces—one a sanitized National Guard (deprived of its Somoza high command) and the other a collection of Sandinista guerrillas.

Carlos Andres Perez also challenged Washington's policy of strengthening moderate elements in El Salvador as a means of preventing a replication of the Nicaraguan situation in that country. Instead, he backed the Socialist International position that the guerrillas in El Salvador truly represented the popular majority, and he condemned the Social Christian Duarte government as a tool of the oligarchy. In this context, it is important to keep in mind that the Social Democratic party of El Salvador constituted the most moderate element in the guerrilla coalition. While Perez served as Venezuela's president, therefore, Venezuelan influence in the Caribbean was seen both as a problem for, and complementary to, U.S. policy.

The government of Luis Herrera Campins quickly muted the elements of his predecessor's Caribbean Basin policy that Washington found most objectionable. Herrera cooperated with Carter administration efforts to strengthen Nicaraguan moderates, although by then it was too late to deny total power to the victorious Sandinistas.¹² Herrera also supported Ronald Reagan's efforts to prop up the Duarte government in El Salvador, and he backed away from Carlos Andres Perez's initiatives involving Fidel Castro. In the case of El Salvador it must be kept in mind that the Christian Democrats, unlike their Social Democratic counterparts, dominated the government. As indicated earlier, however, events associated with the Falkland Islands dispute cooled relations between Caracas and Washington, even given the persistence of parallel interests in El Salvador. Washington's backing of London caused many Social Christian party leaders to see the United States as unreliable and basically anti-Latin. Elements long hostile to cooperation with Washington, both in the government and in the opposition Social Democratic party, presented this as vindication of their position.

¹²Interview with former Ambassador William Bowdler, July 10, 1982.

Despite public outrage and disappointment with the Reagan position, subsequent proposals by Venezuelan radicals to reconstitute the Organization of American States without the United States remained little more than verbal outbursts of anger and hostility. Although Herrera publicly spoke about Venezuela's intention to join the Non-Aligned Movement, he remained open to low profile cooperation with Washington on matters of mutual interest. These included the continuation of clandestine training for government anti-guerrilla units in El Salvador¹³ and increased participation in developing revised schedules for repayment of private sector debt to North American and Western European Banks.¹⁴

Venezuelan behavior in the aftermath of the tensions relating to the South Atlantic conflict, therefore, has important implications for the future of relations between Washington and Caracas.

- Venezuelan presidents from now on will be more cautious in allying themselves publicly with the United States.
- They will also be more conservative in calculating the benefits of cooperation with U.S. initiatives.
- Where they conclude that the Caribbean Basin interests of the two countries coincide, however, they will participate quietly in mutually beneficial joint ventures.

¹³"Enders Discloses Venezuelan Military Aid to El Salvador," *Washington Report on the Hemisphere*, February 22, 1983, p. 1.

¹⁴*Wall Street Journal*, February 28, 1983, p. 24.

III. VENEZUELAN POLICY IN THE CARIBBEAN BASIN IN THE 1980s

POLITICAL INTERESTS

Venezuela's first political interest involves *assisting ideologically compatible elites* in other countries to strengthen their domestic political positions. Since 1958 implementation of this interest has been the prerogative of both Social Democratic and Christian Democratic governments, so its pursuit has been colored by the domestic issues over which these two political parties have cooperated and competed. Caracas further seeks to *minimize external interference* in the internal affairs of Caribbean Basin states by forces located both within and outside of the Basin. And because most rightist dictatorships in the Caribbean fell during the late 1970s and early 1980s and their overturn created new and threatening focal points of east-west conflict, Caracas can be expected to *contribute to the strengthening of domestic political stability* in neighboring states during the remainder of the 1980s. Barring an unexpected turn of events, therefore, Venezuela should conduct itself as a status quo power in Caribbean Basin affairs.

Strengthening Ideologically Compatible Elites

The importance to Venezuelan political leaders of strengthening ideologically compatible elites in other countries originated in the "island of democracy" siege mentality that characterized the period of democratic consolidation. It was reflected in the most important Venezuelan foreign policy pronouncement of the time, the Betancourt Doctrine, which stated that Venezuela would not extend diplomatic recognition to governments that came to power by overthrowing democratically established political regimes. Given the domestic political dynamics in most Latin American states during the mid- to late-1960s, application of the Betancourt Doctrine without qualification would have led to Venezuela's diplomatic isolation in the region.¹

Rafael Caldera's "international social justice" doctrine provided an alternative to the Betancourt Doctrine; it has now become the central orienting theme of Venezuelan foreign policy. This doctrine declares that Caracas will cooperate with all developing countries, regardless of their domestic political regime, to secure a more equitable distribution of resources between the rich nations and the poor. Caldera's formulation retains the Betancourt Doctrine's preference for political pluralism, but it recognizes that, given the historical and cultural traditions in much of the developing world, it is unrealistic to expect that the tool of diplomatic recognition can have much effect on domestic political evolution. Pressuring the industrialized north to agree to more equitable terms of trade with the south and other measures that might lead to a redistribution of the planet's wealth are viewed both as more important and attainable through diplomatic channels. In pursuit of this overriding goal, international social justice calls upon Venezuela to work with all southern leaders, including Fidel Castro, despite his hostility to liberal democracy.

In defining their political interest in the Caribbean Basin during the 1980s, Venezuelan political elites draw both from the Betancourt Doctrine and from Caldera's international social justice. All southern leaders presiding over regimes committed to both political pluralism and

¹Charles D. Ameringer, "The Foreign Policy of Venezuelan Democracy," in Martz and Myers (1977), Ch. 17.

social justice will be embraced enthusiastically. Political elites in Costa Rica, the Dominican Republic, and Jamaica clearly fall into this category. However, support by Carlos Andres Perez for Nicaragua's Sandinista insurgents illustrates another dimension of Venezuelan cooperation with more or less ideologically compatible elites: Caracas may provide assistance to movements that oppose reactionary dictatorships in the name of internal and international social justice, even if the commitment of the insurgents to democratic pluralism is questionable. However, Venezuelan disillusionment with the Sandinistas because of their authoritarian policies may mandate a rethinking of this approach. Finally, differences between the Perez and Herrera administrations on the El Salvador insurgency suggest that Venezuela's governing parties will align with ideologically similar political parties in any Caribbean Basin country experiencing political turmoil.

Minimizing External Interference from Within and Without

The cooling of relations between Caracas and Managua was furthered by the Sandinista decision to develop an offensive military capability based on Cuban training and the acquisition of Soviet bloc weapons, including not only tanks, artillery and SAMs, but potentially also MiG combat aircraft.² Nicaragua's possession of heavy weapons could destabilize the military balance in Central America and threaten nearby sea lanes of communication (SLOCs) of critical importance to Venezuela's economy. Were Cuba (or the Soviet Union) eventually to obtain air and sea facilities in Nicaragua, the security threat to these SLOCs and to Venezuela's oil refineries in the western portion of the country would be greatly heightened.

Until the October 1983 military operation by the United States and the Organization of Eastern Caribbean States (OECS), a similar situation on the nearby island of Grenada caused even greater alarm in Caracas. Because of the tiny island's strategic location potentially commanding the mouth of the Orinoco River, Venezuelan concern mounted as the new Marxist-Leninist regime of Maurice Bishop rapidly converted Grenada into a military as well as political client of Cuba and the Soviet Union. Thus, starting in November 1979, Cuban construction workers began building a 9,000 foot runway at the new airport at Pt. Salinas ostensibly to promote tourism, but which could accommodate Cuban and Soviet military aircraft as well. The following year, as has since been revealed in the documents captured following the U.S.-OECS military operation, not only Cuban but also Soviet military weapons, and security and intelligence assistance began to be funneled into Grenada under several secret agreements with the Bishop government.³ Bishop's murder and the seizure of power by an even more extremist, Moscow-oriented faction led by Bernard Coard and General Hudson Austin in October 1983 further increased the prospects of Grenada serving as a conduit for Cuban and Soviet penetration of the Eastern Caribbean. Until the dislodgment of its Marxist-Leninist regime, Grenada thus posed a subversive and potential military threat that was particularly worrisome to the Venezuelan armed forces.⁴

Alarm over Grenada reflected a broader concern by Venezuela's leadership elites not only about the adequacy of the Venezuelan armed forces' defense capabilities, but also about their

²Although Nicaraguans reportedly have undergone MiG pilot and maintenance training in Bulgaria and Cuba, the planes themselves evidently have not been delivered to Nicaragua owing to strong U.S. warnings to Managua.

³On the extent of Cuban and Soviet ties with Grenada, see Nestor D. Sanchez, "What Was Uncovered in Grenada," *Caribbean Review*, Fall 1983, pp. 20-23, 59. This issue of the *Caribbean Review* also includes excerpts from the minutes of the New Jewel Movement's Central Committee as well as other source materials relevant to the Grenadan situation that led up to Bishop's murder and the joint action by the United States and the Organization of Eastern Caribbean States on October 25, 1983.

⁴See "Defense Ministry Intervenes on Grenadan Policy," *Latin American Weekly Report*, November 18, 1983, p. 5.

regime's potential vulnerability to subversion by Marxist-Leninist and other anti-democratic radical movements. The festering problem with the *Bandera Roja* insurgency in eastern Venezuela was especially worrisome to the leaders of the Accion Democratica (AD) and the Social Christian political parties. International backing increases the capabilities of these guerrillas to exploit the considerable social and economic inequities that persist in Venezuelan society. Also, the fairly open character of Venezuela's democratic order makes the country vulnerable to a broad range of foreign-assisted attempts at stirring up discontent.

Venezuelans continue to regard it as contrary to their interests when one Caribbean Basin state—such as Cuba or Nicaragua—interferes in the internal affairs of another. They also oppose all forms of pressure on Caribbean Basin states from power centers outside the Basin. They are especially concerned that great power rivalry between Washington and Moscow will intrude into the domestic and international politics of Caribbean Basin states. Consequently, AD supported the Herrera administration's decision in January 1983 to join with Colombia, Mexico and Panama in the Contadora initiative to find a peaceful solution to the escalating crisis in Central America. Because of the February 1983 economic crisis, however, President Herrera played a very secondary role in the Contadora Group. Later, Venezuela's ambassador to the United States under the new administration of President Jaime Lusinchi stressed his country's commitment to Contadora during his April 1984 speech at Harvard University. Like its predecessor, however, the new Lusinchi government's first priority remains righting Venezuela's sputtering economy.⁵

In terms of substance, Venezuela does not want Washington to land military forces in the region, as occurred in 1965 in the name of preventing a communist takeover of the Dominican Republic. However, as indicated by its reaction to Grenada, neither does Caracas want more Soviet satellites in the Caribbean Basin. Thus, the diplomatic and cooperative relations initiated by the AD and Social Christians with the Sandinistas were efforts to convince the Sandinistas that Nicaragua's interest did not lie in embracing the Cuban option. However, Caracas has become increasingly frustrated because Venezuelan foreign policy appears less capable than that of Cuba of influencing the direction of domestic political change in Nicaragua and other Caribbean Basin states.

Strengthening Political Stability in Basin States

Because rapid and abrupt political change in neighboring states has not been conducive to the exercise of Venezuelan influence, Caracas has become interested in encouraging political stability. Another explanation for this interest is that few rightist authoritarian regimes remained in the region as of the early 1980s, but left-wing authoritarianism was on the rise.

In earlier decades, Venezuelan democratic elites saw themselves as keepers of a fortress of democratic liberty under siege by oligarchic dictatorships. Now, however, they fear that far-reaching changes in the internal regimes of Caribbean Basin states could lead to the emergence of additional Marxist-Leninist or other varieties of authoritarian leftist regimes. Such political systems would be as hostile to Venezuelan democracy as were the rightist dictatorships of Somoza and Trujillo. Consequently, Venezuelans not only embrace Social Democracy of the Costa Rican variety, they also favor even halting attempts to move toward pluralism, as was

⁵"Four Latin Presidents Urge Steps to End Conflict in Region," *New York Times*, July 18, 1983, p. A-1, "A Requiem for Contadora," *Washington Report on the Hemisphere*, Vol. 4, NO. 16, Washington, D.C., May 15, 1984, p. 3.

the case in Guatemala under General Rios Montt.⁶ Venezuelan leaders believe that open political systems are both desirable and feasible in the Caribbean Basin. In contrast, Mexican leaders assume that sooner or later leftist authoritarian regimes will come to power in most countries of the region.

MILITARY INTERESTS

Venezuela has three basic military interests in the Caribbean Basin: (1) defense of the frontiers, (2) development of a military capability for bolstering neighboring democratic regimes against external threats, and (3) maintenance of a strong domestic anti-guerrilla capability.

Defense of Frontiers

Throughout the 1980s, Venezuela will be a party to disputes having military implications on each of its borders—the east, the west, the south, and the Caribbean north. Tensions on Venezuela's eastern and western frontiers are primarily territorial; however, each dispute also has a military dimension. Consequently, even though the probability is low that Venezuela will use military force, its Ministry of Defense retains a keen interest in upgrading the armed forces stationed close to the disputed territories.

In the west, Venezuela's military estimates that they must improve their capability to defend Zulia and the Lake Maracaibo oil fields from an invasion by land.

- This involves attaining essential equivalence with Colombian forces stationed near the frontier and developing a large mobilization capability.
- The main reasons for this are to increase psychological and diplomatic pressure, rather than to prepare for actual military combat. At present Caracas does not foresee Bogota's resorting to force during the 1980s.
- After Caracas achieves essential military equivalence with Colombia, Venezuelan diplomats will be in a stronger position to press their case for a greater slice of the disputed Gulf of Venezuela.

The military forces opposing Venezuela in the east are substantially weaker than those of Colombia in the west. Here, however, Venezuela's intention is not to develop defensive military capabilities, as in the west.

- The goal in the east is to build the capability to mount offensive military operations.
- Caracas ultimately desires a credible offensive capability for threatening the disputed Essequibo territory, should Guyana continue to refuse to renegotiate the boundary between the two countries.⁷
- Military calculations associated with the Essequibo dispute are complicated by growing Brazilian military capabilities and by that country's renewed interest in the natural resources of the Northern Amazon Basin.

⁶Confirmed in interviews during August 1982 with two former Venezuelan Foreign Ministers.

⁷For a comprehensive discussion of Venezuelan geopolitical perspectives see Judith Ewell, "The Development of Venezuelan Geopolitical Analysis Since World War II," in the *Journal of Interamerican Studies and World Affairs*, Vol. 24, No. 3, August 1982, pp. 295-320. The policy relevance of this perspective was confirmed during interviews with Venezuelan military personnel during August 1982.

Brazil has long expressed an interest in closer economic ties with Guyana, and Brasilia has hinted to Caracas that it would be highly displeased should Venezuela decide to use military force in the Essequibo dispute.⁸ It is unlikely that displeasure would degenerate into military confrontation. Should the unexpected occur, Brazil has the capability to employ elements of its Amazon Command against Venezuelan military bases and population centers along the border, as well as against Venezuelan forces occupying the Essequibo.

Defense Against Caribbean Basin Threats

Cuba might also become involved on the side of Guyana should Venezuela occupy the Essequibo. However, Cuba figures most in Venezuela's military calculations concerning problems associated with the defense of the Caribbean coastline and with the possibility that guerrilla warfare might again become a threat to democratic stability.

Venezuela's Caribbean coast is roughly 800 miles long; traditionally it has been that country's window to the world. Throughout history the most significant threats to Venezuelan national security have been aimed at the coastline:

- The country's most important population centers are coastal, its richest petroleum fields are coastal, and most of Venezuelan industry is located within 50 miles of the Caribbean.
- To the extent that Cuba can land insurgents and arms along Venezuela's coast, it can bring pressure to bear on the nation's core. Should the Cuban armed forces acquire longer-range aircraft, as well as increased naval capabilities, critical population and industrial centers would become vulnerable to direct Cuban attacks.

Defense against Cuba has been an important Venezuelan military concern since the break between Fidel Castro and Romulo Betancourt during the early 1960s. Development of a force capable of defending the Caribbean coastline would require significant armament purchases and the creation of a joint military command able to coordinate air, land, and sea power for repelling a conventional attack. Because of their financial and political costs, however, Caracas has implemented the first option very selectively but not the latter. This suggests that Venezuela has chosen to rely on the United States, under the Inter-American Treaty for Reciprocal Assistance, to ensure the security of its coastal zone.

In some instances, dealing with threats to Venezuela's heartland requires going to the source. Should that source be located outside of the Caribbean Basin, Venezuela will be forced again to rely on the United States to neutralize the threat. Should that hostile source be a Caribbean Basin state with backing from the Soviet Union, Caracas also would have to rely on Washington, especially were the threat to emanate directly from Cuba. Should a problem originate on one of the recently independent small island states, Venezuela itself possesses the potential to deal with the situation. The most likely scenario would have a small island state sinking into political chaos because of economic difficulties, while Cuba or a Cuban surrogate sought to take advantage of the situation. Whether Venezuela should confine itself to offering economic assistance or whether it should develop a capability to project military power in the above contingency was in fact debated in military and civilian political circles in Caracas during the early 1980s.

⁸Interviews with several members of the Itamaraty in Brazil during August 1980; confirmed in conversations with Brazilian diplomats in Washington during September 1982.

Maintaining an Anti-Guerrilla Capability

During the guerrilla insurgency of the 1960s, Venezuela boasted excellent counterinsurgency units, the elite cazadores. After the guerrilla threat receded, the number of cazador units was reduced and the remaining units were not kept at a high state of military readiness. During the 1980s, however, guerrilla activity slightly revived.

- One guerrilla band conducted sporadic raids throughout the eastern states of Monagas and Anzoategui, and another in the western states of Lara and Falcon maintained ties with the Colombian insurgent movements known as the M-19 and the National Liberation Army, a Cuban linked insurgency movement.
- Cuban support for insurgent movements, along with continuing domestic political frustrations by Colombians, over the elitist policies of the Conservative and Liberal political parties, suggest that M-19 and the National Liberation Army will remain important and disruptive forces throughout the 1980s.
- Should the M-19 or the National Liberation Army gain control of large areas of eastern Colombia, the conflict could spill over into Venezuela.

The National Liberation Army and M-19, for example, might look for recruits among the millions of illegal Colombian aliens residing in Venezuela, especially in Maracaibo, San Cristobal, and metropolitan Caracas. Also, given the current economic difficulties in Venezuela, Fidel Castro might decide once again to support armed insurgency in that country. It could divert the attention of the Venezuelan government from Cuban designs in the Caribbean Basin and might even succeed in destabilizing the quarter-century-old democratic regime. As a consequence, Venezuela's military is renewing its commitment to maintain a first-order counterinsurgency capability.⁹

TERRITORIAL INTERESTS

Venezuelan territorial interests in the Caribbean Basin were hinted at earlier; they center on claims to five-eighths of western Guyana (the Essequibo) and to the bulk of the territorial waters constituting the Gulf of Venezuela. At this point it is useful to summarize Venezuela's positions in these disputes and to look at how they might influence interstate relations in the Caribbean Basin during the 1980s.

The Essequibo Dispute with Guyana

Venezuelan claims to the Essequibo derive from events surrounding the international arbitration of 1899. Before then Great Britain and Venezuela both claimed territory between the mouth of the Orinoco River and Georgetown, the capital of the colony of British Guiana. Under pressure from Washington, London agreed to submit the dispute to compulsory arbitration by an international tribunal. In the resulting award, Venezuela received the coveted mouth of the Orinoco River, but most of the rest of the disputed territory, largely swamp and jungle, was awarded to British Guiana.

⁹Interviews with members of the Venezuelan congress during August 1982, the immigrant problem is analyzed by Andres Serbin, "The Venezuelan Reception: Human Resources and Development," *Caribbean Review*, Vol. XI, Winter 1982, pp. 42-45.

One of the Venezuelan lawyers who had argued Venezuela's position before the tribunal charged that Great Britain had rigged the outcome by offering incentives to influence the vote of the Russian commissioner. Since then, Venezuelan presidents periodically have proclaimed that the arbitration was invalid. In 1970, President Rafael Caldera signed the Protocol of Port of Spain in which Venezuela agreed to suspend its claims to the Essequibo for 12 years. The Protocol was permitted to expire on June 19, 1982.¹⁰

The incumbent Lusinchi administration, while committed to recovering the Essequibo territory, benignly neglected the issue during its first months in office. President Lusinchi's approach was a marked contrast to that of his predecessor, Luis Herrera Campins. Herrera Campins made recovery of the Essequibo a point of national honor. Early in his administration Herrera took military steps designed to pressure Guyana to the bargaining table. These included staging airmobile exercises in eastern Venezuela, paving the Orinoco Delta airport runway at Tucupita, and extending the military airstrip in Santa Elena de Uairen. Also, it was Herrera who allowed the Protocol of Port of Spain to expire, and he lobbied in the Non-Aligned Movement to insure that the organization did not support Guyana's position. Venezuelan activities were sufficiently worrisome to cause concern within the U.S. government regarding Venezuela's capability to seize and hold the Essequibo.

Claims have always been made that the Essequibo contained important reserves of uranium and bauxite. During April 1982, the Canadian Home Oil Company announced that it had discovered high quality petroleum in the Essequibo. The newly discovered reserves, most probably of the light 45 degrees API (American Petroleum Institute) crude, were seen by some as providing Guyana with an answer to its economic problems.¹¹ A light crude deposit of this magnitude would also constitute a welcome addition to Venezuela's own petroleum reserves, which are dominated by difficult-to-market heavy crude. An additional reserve of light crude also would strengthen Venezuela's bargaining power within OPEC and add to the government's petroleum revenue.¹² For both political and economic reasons, therefore, recovery of a large piece of the Essequibo came to be seen as the single foreign policy triumph that might have made the Herrera government genuinely popular before the December 1983 elections.

Guyana, however, refused to negotiate with Venezuela about how to carve up five-eighths of her national territory. Use of the military option to force Guyana to the bargaining table, especially in light of the positions taken by Great Britain and the United States during the Falkland Islands conflict, was unrealistic. Consequently, with most diplomatic options exhausted, Venezuelan efforts to recover any of the Essequibo remained at an impasse for the remainder of the Herrera government.

Recurring frustrations over the Essequibo remain capable of straining relations during the remainder of the 1980s. These frustrations partially explain Caracas' interest in inviting the Non-Aligned Movement into the Caribbean Basin as a regional actor. Venezuelans, perhaps unconsciously, believe that because the arbitration award was made by the northern countries, the southern dominated Non-Aligned Movement will become a source of support for the boundary adjustments that Venezuela advocates. In fact, the Non-Aligned Movement has been somewhat more favorable toward Guyana's position, but Venezuela remains determined to

¹⁰For a useful analysis of the Guyana dispute, see Jorge Olavarria, "Reflexiones acerca del arreglo judicial propuesto por Guyana," *Diario de Caracas*, August 27, 1982. Compare Barbara Crossette, "Venezuela Urges U.S. Role in Guyana Dispute," *New York Times*, October 17, 1982.

¹¹In the petroleum world 45 degrees is a very "light" crude, and highly sought after. In contrast, anything below 28 degrees API is considered a "heavy" crude oil and commands a lower market price. API sets the standard for "degrees" based on the structure of the hydrocarbons in the petroleum.

¹²Interview with a leading Social Democratic politician, August 30, 1982.

press its case. Consequently, Essequibo-related developments could further disturb the Caracas-Washington relationship and perhaps even lead to a major realignment of the Basin's security system:

- Short of outright U.S. support for Guyana's claim on the Essequibo, Caracas would be most upset were Washington to finance development of the oil reserves in the Essequibo for the benefit of Guyana.
- In such an eventuality, Venezuela might again try to mobilize anti-U.S. sentiment among Spanish speaking countries in the Basin and South America with the objective of establishing a new regional organization that would exclude the United States.
- In the worst of cases, Venezuela might explore the possibility of an understanding with Fidel Castro, or even the Soviet Union itself, as a means of gaining bargaining leverage over Washington.

The Gulf of Venezuela Dispute with Colombia

Frustration over the results of previous and recent diplomatic activity also underlies Venezuelan unhappiness in its dispute with Colombia along the northwestern frontier. During the 1970s, conventional wisdom in Caracas held that President Lopez Contreras had made a bad bargain in his 1941 treaty delimiting the Guajira peninsula boundary with Colombia. Diplomats, politicians, and military officers proclaimed that in the ongoing negotiations to delimit the boundary of territorial waters in the Gulf of Venezuela, Caracas should make no more concessions. In addition to Caracas's belief that Venezuela was shortchanged, the Gulf of Venezuela dispute, like the Essequibo, gathered intensity because of competition for oil.¹³ As the continental shelf under the Gulf of Venezuela geologically resembles that under oil-rich neighboring Lake Maracaibo, delimiting the territorial waters of the Gulf of Venezuela could constitute one of the most important allocations of strategic resources between any two countries in the twentieth century.

Soon after taking office, Luis Herrera Campins decided to seek closer relations with Colombia to coordinate policies relating to areas of mutual interest throughout the Caribbean Basin. The leftward drift of Nicaragua troubled leaders both in Caracas and Bogota, as did mounting evidence that Fidel Castro intended to step up his support for guerrilla insurgency. Cooperation was not feasible while the dispute over the Gulf of Venezuela simmered. During most of 1980, therefore, Venezuela and Colombia conducted secret talks to sketch out general lines of agreement that could lead to a treaty marking out territorial limits in the Gulf of Venezuela. Late in that year, following intense negotiations, the two countries announced that they had reached a draft agreement on the matter.

Because of the military's concern with defense of the frontiers, Foreign Minister Jose Zambrano Velasco scheduled a meeting with the officer corps before making the draft public. During his presentation, the younger officers reacted with extreme hostility upon being briefed as to the terms of the agreement. Senior officers indicated in private that they would recommend to the Senate that the proposed treaty not be approved. Within several days the militant left was echoing the military's line that Herrera had made a bad bargain. So emotional and widespread was the opposition that the President instructed his Foreign Minister not to finalize the draft agreement. Instead, he announced that resolution of the Gulf of Venezuela

¹³Jose Vicente Rangel, "Problemas Fundamentales de Seguridad y Defensa de Venezuela," in Anibal Romero (ed.), *Seguridad Defensa y Democracia en Venezuela*, Equinoccio, Caracas, 1980, pp. 42-43; and "Hay esperanzas de que mejoren las relaciones con Colombia," *Diario de Caracas*, August 7, 1982.

question would have to await the inauguration of the new president in January of 1984. Instead of cooperating, therefore, Caracas and Bogota found themselves competing with each other for the support of their Caribbean Basin neighbors, including some whose leaders were hostile to the democratic system prevailing in both.¹⁴

ECONOMIC INTERESTS

Venezuela possesses three important economic Caribbean Basin interests: domination of the petroleum export market within the region, expansion of the capabilities of states in the area to absorb Venezuelan manufactured goods, and development of the zone's food producing potential.

The Basin as a Market for Petroleum

The Caribbean Basin has long been a market of consequence for Venezuelan petroleum and petroleum products, but Caracas derives marginal economic benefits from sales in the region. In 1971, 11 percent of total Venezuelan crude exports were to Caribbean Basin countries excluding the Netherlands Antilles, which absorbed almost one-third of total Venezuelan crude exports, sending it to supply refineries, which in turn shipped their output to the United States.¹⁵

- As of 1981, Caribbean Basin countries were absorbing 7 percent of Venezuela's total exports of crude petroleum. In absolute terms this amounted to a reduction of 62 million barrels from the level of 1971.
- This was partly because Caribbean Basin countries had difficulty paying for the quantity of petroleum consumed in 1971, at the prices of 1981. It also was partly because of Venezuela's policy of seeking Mexican assistance in subsidizing the petroleum needs of their neighbors.

When price increases first made themselves felt throughout the Caribbean Basin during 1974, President Carlos Andres Perez drew upon Venezuela's new found wealth to cushion the shock of higher energy prices to the economies of neighboring states.

- To offset higher costs, Perez offered a cash loan plan that enabled its beneficiaries to purchase oil at roughly 50 percent of the market price. The other 50 percent was placed as a loan in the country's banks.
- Interest was set at 8 percent and repayment could stretch over 25 years; the estimated value of the plan was \$460 million.

Six years later, following another round of increases in the price of oil, President Luis Herrera Campins arranged for Mexican assistance in maintaining a volume of subsidized petroleum sufficient to keep the economies of the poorer Caribbean Basin states afloat. This

¹⁴Confidential interview with Venezuelan military personnel, August 14, 1982. On August 18, 1982, Colombia's new foreign minister stated that the Betancur government would seek international mediation if Venezuela would not agree to a reasonable solution to the Gulf of Venezuela dispute. *El Universal*, Caracas, August 19, 1982.

¹⁵Calculated from official statistics of the Ministerio de Energia y Minas, Direccion General Hidrocarburos, *Petroleo y Otros Datos Estadisticos-1971* and *Petroleo y Otros Datos Estadisticos-1981*.

cooperative program, known as *the Oil Facility*, also had secondary political goals. Caracas and Mexico City both desired (1) political stability throughout the Caribbean Basin, (2) sought to offset Cuban influence, and (3) hoped to constrain Nicaragua's drift into the Soviet orbit. Of the two, Caracas was more committed toward using the Oil Facility to reward governments that established and maintained open and democratic political systems.

Nine of the poorer Caribbean Basin states were to be beneficiaries initially, with the number being gradually increased as conditions permitted. The Oil Facility offered the following terms:

- Semisoft loans (over a period of five years at 4 percent interest) would be extended to the recipients to cover up to 30 percent of their oil bill.¹⁶
- If the proceeds of the loan were used for development projects, the terms would change to 20 years at 2 percent interest.
- Half of each recipient country's oil supply requirements, up to a total of 160,000 barrels daily, would be guaranteed by Venezuela and Mexico.

At 1981 prices the Oil Facility is worth approximately \$700 million in concessional financing per year to the recipients. During the first year of the Facility, Venezuela disbursed \$289 million, and for the second year, running from August 1981 to July 1982, President Herrera committed a total of \$302 million. Despite intensifying financial problems in Mexico and Venezuela during 1982, both countries renewed the Facility at roughly the same level for 1982-1983. On July 17, 1983, however, Mexico and Venezuela announced that they would sharply reduce their oil import subsidies for 1983-1984 to the ten Caribbean countries that were beneficiaries of the "facility." Mexico and Venezuela estimated they would save \$300 million. Unless economic conditions in the two countries improve dramatically there is little likelihood that these cuts will be restored.¹⁷

The Basin as a Market for Manufactured Goods

The Venezuelan Institute for Foreign Trade stressed the growing importance of the Caribbean Basin as a market for Venezuelan manufactured goods in its 1981 Annual Report. The Institute pointed to the increasing number of trade missions and service agreements negotiated by businessmen as evidence that the Caribbean Basin, and not the Andean Pact, was the emerging priority market for Venezuelan industrial goods, now almost one-third of total non-petroleum exports.¹⁸

The Venezuelan Exporters' Association also worked out several preliminary agreements during the early 1980s that made it possible for industrialists to establish closer commercial relations with the Caribbean islands, including one that increased the number of flights to the English speaking mini-states. The private sector, therefore, as well as its public counterpart, perceived that the Caribbean Basin would become an important market for the new products manufactured by industries created through Venezuela's ambitious development programs.

¹⁶U.S. Department of State, "Background on the Caribbean Basin Initiative," Special Report No. 97, Bureau of Public Affairs, Washington, D.C., March 1982, p. 10.

¹⁷*New York Times*, July 18, 1983, p. 8.

¹⁸Reported in depth by *El Universal*, Caracas, January 5, 1981. Other relevant analyses appear in *El Nacional*, June 7, 1981; and in the *Daily Gleaner*, Kingston, September 17, 1981. Also see Jorge Olavarria, "Venezuela's Role in the Critical Caribbean Scene," in *Resumen*, Caracas, November 23, 1980.

The Basin as a Source of Venezuelan Food Imports

Agricultural production, a long time concern of both Venezuela's Social Democratic and Social Christian parties, remains an area of great difficulty for the economy as of the middle 1980s. Despite impressive increases in agricultural investment and yields, Venezuela imports more than 40 percent of her food. This problem was aggravated during the election year of 1983 by the failure of the government to pay farmers for products purchased in 1981 and 1982.

President Herrera Campins advocated an increased and more diversified agricultural production throughout the Caribbean Basin to provide the food that neighboring states could trade for oil. On numerous occasions Herrera expressed optimism that the proportion of Venezuelan food imports obtained from the Caribbean Basin, which in 1979 stood at 3.6 percent, could be greatly increased. Consequently, the Venezuelan government and business community have been exploring the feasibility of establishing mixed agribusiness corporations in a number of neighboring countries. A final effort to increase the Caribbean Basin food production capability involves efforts to upgrade Venezuela's fishing fleet and negotiate fishing agreements.¹⁹

To summarize, Venezuelan interests in the Caribbean Basin—political, military, territorial, and economic—are substantial and likely to become even more important. How intensely and by what means Caracas will be able to pursue these interests depends upon how a broad range of Venezuelan capabilities and limitations will weigh on the international and intra-Basin balances of power during the 1980s.

¹⁹FBIS Vol. VI, No. 215, LATIN, Buenos Aires, November 3, 1981, "Venezuelan Ties Established with St. Vincent, Grenadines," FBIS Vol. VI, No. 206 (p. 78), Radio Continente Network, Caracas, October 21, 1978.

IV. CAPABILITIES, LIMITATIONS, AND THE PURSUIT OF INTERESTS

Venezuela possesses assets that give it certain capabilities for effectively pursuing its security interests, and liabilities that limit its effectiveness in the security field. Two broad areas critically influence Venezuelan capabilities and limitations. One is associated with the country's domestic societal and economic characteristics, and the other derives from the skill with which Caracas manages its international linkages. The most important components of the first include national traits, available economic and technological resources, the structure of the polity, and the operational style of the bureaucracy—especially the national security complex. The international linkage management arena includes performance in international organizations and skill in the conduct of bilateral relations. Attempts to pursue interests during the past decade provide the best clues in assessing Venezuelan capabilities and limitations in the conduct of foreign policy. It was only during this period that Caracas began to assign a high priority to mobilizing Venezuelan assets to pursue Caribbean Basin interests.

SOCIETAL FACTORS

National pride, along with a desire to be treated with dignity and to be taken seriously, strongly influence Venezuelan behavior in the Caribbean Basin. Venezuelans are proud that Simon Bolivar, the father of their country, played a central role in the liberation of South America from Spanish rule. Venezuelan decadence during the internecine wars of the nineteenth century, and the advantages these conflicts gave to the North Atlantic countries in their dealings with Venezuela, remain matters of great bitterness and frustration. Because Venezuelans now regard the Caribbean Basin as the regional arena in which they have the most to gain and the best opportunity to exercise influence, it is where they will seek to prove that they can hold their own in international competition.

National Traits

The challenge of interstate politics in the Caribbean Basin also revives historic fears and insecurities. During the colonial period Venezuela was a frontier zone of the Viceroyalty of New Grenada, and Venezuelans never have totally shaken off their self-doubts that they are viewed as bumpkins from an isolated backwater. Feelings of insecurity and inferiority carry over into international negotiations: In bargaining situations, Venezuelans have the debilitating suspicion that they will come out on the short end. Recent cooperation with Cuba to assist the Sandinistas has reinforced these fears, especially given the emerging consensus that Havana outmaneuvered Caracas. Historic fears and insecurities are manifested in the following traits that characterize Venezuelan international behavior:

1. Venezuelans will remain cautious while entering into any agreement with a state judged to be equal to or stronger than theirs. They can be expected to drag out negotiations much longer than seems justified by the importance or complexity of an issue.
2. Once Venezuelans do enter into an agreement they generally keep their word, and they are disappointed when others fail to do the same. Loyalty to one's friend or ally is of overriding importance, and parties who betray a trust will be scorned and ostracized.

3. When an agreement requires the design of complex implementational procedures, those procedures will be slow to take shape. This derives from feelings of self-doubt, manifested here as a fear that somehow Venezuelans lose out in the implementation phase, even if they hold their own during negotiations.

4. Venezuelan culture does not stress attention to detail and follow-through; such matters are to be left to underlings. Underlings, however, seldom make important decisions on their own. Consequently, an agreement that supposedly has been finalized requires a great deal of attention before it yields the results intended by those involved in its negotiation.

Slowness when negotiating and failure to follow through during implementation place Venezuelans at a disadvantage when competing for influence in the Caribbean Basin.

Economic Capabilities

Economic and financial capabilities long have been important sources of Venezuelan influence in the Caribbean Basin. Because Venezuela's economy depends heavily on revenue from the sale of petroleum, the country's ability to project economic and financial power throughout the Caribbean is closely tied to the strength of the global demand for petroleum and the national bureaucracy's capability to administer the petroleum revenue.

Between 1974 and 1980, rising petroleum prices enabled Caracas to enact a wide variety of assistance programs for her Caribbean Basin neighbors. Valued at \$6.5 billion, these programs amounted to between 1.2 percent and 2.2 percent of Venezuela's total gross national product. In 1980, as discussed earlier, Venezuela and Mexico joined in creating an Oil Facility for the energy poor nations of the Caribbean Basin that was worth almost \$700 million (at 1981 prices) in concessionary financing. Donations to the International Development Bank (IDB), the OPEC special fund, and other multinational organizations in 1980 totaled \$456 million. Venezuela also assisted her Caribbean Basin neighbors financially by maintaining \$83.1 million in deposits in the Central Banks of Nicaragua, the Dominican Republic, Costa Rica, and Jamaica. Finally, Caracas granted \$69 million in project-related loans for Central America in 1982, more than \$20 million to Jamaica and several additional millions to other island states.¹

A new round of petroleum increases in 1979 allowed Venezuela to continue economic assistance throughout the Caribbean Basin at a higher level than many thought possible at the beginning of Luis Herrera Campins's presidency. Three years later, however, economic recession in the industrialized countries had reduced the global demand for petroleum. Even given the recovery in progress during early 1984, the world oil market is expected to remain essentially flat, at least until the 1990s.

In turn, Venezuela's economic problems are likely to affect its capacity to act as an effective regional actor:

- Venezuela's financial ability for promoting its foreign policy goals will be constrained because revenues from the sale of petroleum will not increase when calculated in constant (noninflated) dollars.
- Venezuela has experienced difficulties in translating the petroleum revenue it is receiving into economic growth as the gross national product grew less than 1.4 percent during 1980-81, while a negative growth rate of -1.1 percent occurred in 1982, and for 1983 the negative growth rate is expected to be even higher.

¹Figures supplied by the office of Ambassador William Brook during July of 1982.

- The decline in petroleum prices during February 1983 forced Caracas to reduce investments in infrastructural development programs, attempt to renegotiate the foreign debt, and move to a three-tiered rate of exchange between the bolivar and the dollar. Soon after his inauguration President Jaime Lusinchi devalued the Venezuelan bolivar.
- Public opinion polls suggest that foreign assistance efforts are unpopular among Venezuelans who have any knowledge of them.

The short- to medium-term outlook for Venezuelan foreign policy is thus one of greater restraint. For the remainder of the 1980s, economic and political difficulties make it unlikely that Caracas will be able to sustain the magnitude of assistance to Caribbean Basin countries that characterized the administrations of Presidents Carlos Andres Perez and Luis Herrera Campins. Although it is impossible to predict how much Venezuela will be forced to reduce this dimension of its foreign policy, preoccupation with the domestic economy will probably result in less activism abroad.

However, there are reasons for long-run optimism about the vitality and future growth of the Venezuelan economy:

- Venezuela has reserves of liquid petroleum totaling 20 billion barrels and several trillion barrels of heavy oil in the Orinoco Tar Belt; however, an ambitious investment program that would have yielded 125,000 barrels a day of upgraded heavy crude from tar sand has been canceled.²
- Although the Venezuelan bureaucracy will have to manage the state economy more carefully than it did during the heady days of the 1970s, a fairly prosperous economic situation should prevail.
- Caracas will be able to conduct a leaner but more focused economic assistance program throughout the Caribbean Basin.

Barring an unforeseen collapse in the world petroleum market, Venezuela should be able to regain a considerable economic capability for projecting its influence in the Caribbean Basin later in the 1980s and through the remainder of this century.

The Democratic Polity

Another factor in assessing the capabilities and limitations of Caracas to pursue its Caribbean Basin interests is the open nature of Venezuela's democratic polity. When coupled with the doctrine of ideological pluralism, this openness will permit Caracas to serve as a welcome economic and diplomatic partner for most Caribbean Basin states during the 1980s. Also, pluralist democracies will covet Venezuela's economic muscle in support of their style of political and economic development. Authoritarian leftist regimes, however, will not feel threatened by Venezuela's form of government. Given the Sandinista example, command socialist governments should cooperate in projects of mutual interest and continue to purchase Venezuelan oil.

In contrast, the history of Venezuelan democracy makes it difficult for Caracas to cooperate with traditional authoritarian regimes such as those that predominated in the Caribbean Basin during the late 1960s. Regimes of that nature will probably be the exception during the 1980s. Where they do return, they probably will cloak themselves in the mantle of

²Robert Bottome, Jr., "Economic Projections for Venezuela, 1982-1987," in Ruth D. Nelson and Anne P. DeShields (eds.), *Country Risk Analysis: Venezuela*, Seminar sponsored by the Fund for Multinational Management Education Council of the Americas, September 15, 1982. Interview with a Petroleos de Venezuela executive, September 11, 1983.

populism. Unless they seek to subvert their neighbors, a populist facade could make them acceptable partners to Caracas for most diplomatic purposes. Instead of the relative diplomatic isolation that it imposed on Venezuela during the 1960s, therefore, the democratic system during the 1980s will facilitate Venezuela's presence as a regional power.

Conversely, Venezuela's openness presents an opportunity for Caribbean Basin states to influence domestic Venezuelan politics. This will constitute a diplomatic liability, especially in dealings with Cuba and other Marxist-Leninist governments that may emerge during the 1980s in the Caribbean Basin. Regimes of this nature will view Venezuelan democracy as a phase in the transition toward Marxist-Leninist or some other form of leftist authoritarianism:

- The belief that the course of history runs against Venezuelan democracy, when coupled with the regime's openness and internal social tensions, is likely to make Venezuela an inviting target for authoritarian leftists.
- Venezuela is all the more certain to become a target should Caracas and a Marxist-Leninist regime pursue opposing Caribbean Basin policies.
- This situation is particularly serious for Venezuela because the Soviet Union supplies a regime like that in Cuba with the resources it needs to pursue an aggressive foreign policy in the region.

If Venezuela becomes the target of such an aggressive foreign policy, Caracas will be forced to seek outside assistance. Requesting assistance from Washington will remain the preferred but unhappy alternative for most nationalistic Venezuelans.

The National Security Complex

Venezuela's military has two basic missions, defense of the national territory and assistance in the preservation of internal security.³ For these purposes the armed forces are configured into four separate services: the army, the national guard, the navy, and the air force. The army is composed of battalion-sized units armed with conventional U.S.-type infantry equipment and several elite units of anti-guerrilla forces called *cazadores* (hunters). The battalion-sized units, although short on supportive heavy equipment, can count on 40 light tanks and 75 medium tanks.⁴ The national guard is more lightly armed and is split into numerous, widely separated detachments. It combines with the army in preserving internal security.

The navy, until the middle 1970s, was composed largely of cast-off U.S. equipment, much of it dating back to the Korean War era. Beginning in the middle 1970s, however, a much needed modernization began. At the heart of Venezuela's new navy are six Lupo-class guided missile frigates of Italian manufacture. In conjunction with the recently acquired 209 class submarines, assorted fast attack craft, and a small naval air squadron, the frigates give Venezuela a force of considerable utility when confronting a small-scale invasion or attempts to land personnel and supplies in support of potential insurgents.⁵

The Venezuelan air force boasted 87 combat aircraft in November 1983, prior to the arrival of the first F-16s from the United States. These ranged from 20 aging Canberra

³United States Army, *Area Handbook for Venezuela*, SORO-American University, Washington, D.C., 1964, pp. 543-544.

⁴Data in this section on armaments has been taken from the latest available volumes of *The Military Balance 1982/1983*, International Institute for Strategic Studies, London, 1983; *Jane's Fighting Ships, 1982*, Jane's Publishing Company, London, 1982; and *Jane's All the World's Aircraft, 1982-1983*, Jane's Publishing Company, London, 1983.

⁵The navy order of battle also includes a force of 2500 Marines.

bombers to one squadron of 16 Mirage III ground attack fighter aircraft. Many active duty Venezuelan pilots received training in the United States; they are considered highly competent and professional.

Venezuela's military capabilities are a potentially important asset for the pursuit of its Caribbean basin interests:

- Modern and proficient naval and air forces would facilitate the projection of military power throughout the Caribbean Basin.
- An integrated northern defense command would limit the ability of any rival to launch an attack from the Caribbean on industrial installations and population centers.
- An aggressive and mobile anti-guerrilla command would reduce the capabilities of hostile elites, foreign or domestic, to threaten Venezuelan political stability by means of terrorism.

In each of the above areas, with the possible exception of the last, the military establishment performs below expectations. Despite its modern training, its access to North Atlantic technology, and the wealth of the country it defends, the Venezuelan armed forces suffers from several serious deficiencies:

1. Along the western frontier, Venezuela's military deterrent is divided among three infantry brigades; the first based in San Cristobal, the second in Maracaibo, and the third in Barquisimeto.⁶ These brigades contain most of Venezuela's artillery and armored forces. While military sources remain tight lipped on the state of readiness of these units, civilian critics have charged that the three brigades possess little "in the field" maintenance capability. Consequently, there is concern that they could defend the important Maracaibo Basin oil fields in the unlikely event of a Colombian attack.⁷ This line of reasoning underlay accounts of dissatisfaction by the military with the draft treaty to divide up the Gulf of Venezuela, which was negotiated by Foreign Minister Zambrano during early 1981. Various officers implied that if Venezuela had possessed a more adequate military capability in the West, more favorable terms could have been secured.⁸ The securing of more favorable terms presents the Lusinchi administration with considerable difficulties; Colombian negotiators believe that they already made significant concessions when they accepted the terms of the 1981 draft treaty.⁹

2. On the eastern frontier, Caracas has not succeeded in pressuring Georgetown over the disputed Essequibo. Part of the problem involves the substantial international support that Guyana enjoys for its territorial claim. Another factor derives from the military situation. Venezuela's armed forces would experience substantial difficulties in occupying and administering the Essequibo, even though Guyana currently holds the area only lightly. One major problem for Caracas is the limited utility of the air force's troop transport aircraft. These aircraft have experienced serious maintenance problems while participating in the annual *Libertador* air mobile exercises, which were initiated in 1980. The *Libertador* exercises also have uncovered

⁶*El Universal*, Caracas, Venezuela, July 15, 1982, p. 1-20.

⁷In responding to criticism of the military by the editor of *Zeta*, a Caracas news magazine, Rene Buroz Arismendi identifies Colombia's armored forces as a major problem confronting the Venezuelan military. *El Universal*, July 14, 1982. The issues of the Gulf of Venezuela dispute between Colombia and Venezuela are the central focus of the August 17, 1980 issue of the Caracas based news magazine *Resumen*.

⁸See "Tension politica ante proximos cambios militares" in *Zeta*, No. 377, June 14, 1981, pp. 8-9, and the interview with retired General Arnaldo Castro Hurtado in *Resumen*, Vol. XXXII, No. 402, June 19, 1981, pp. 38-39.

⁹Cf. *El Tiempo*, Bogota, Colombia, August 13, 1981, p. 4, and Foreign Broadcast Information Service VI: 232, December 3, 1981, from Bogota Cadena Radial Super, p. F2. Also see "Hay esperanzas de que mejoren las relaciones con Colombia," *Diario de Caracas*, Caracas, Venezuela, August 7, 1982, p. 2.

problems associated with incompatibilities in the communications equipment of the participating services and with procedures for drawing down non-involved units to staff the exercises. In short, continuing Venezuelan military deficiencies have strengthened Guyana's resolve not to negotiate with Venezuela over the Essequibo boundary question.¹⁰

3. During mid-1982 the Venezuelan Navy took possession of the last of the six Italian-built frigates ordered during the government of Carlos Andres Perez. These state-of-the-art vessels are not matched by naval elements in any other Caribbean country, including Cuba.¹¹ Also, Venezuelan crews received excellent training in Italy on frigate maintenance. Therein lies the Achilles heel of the Venezuelan Navy. Within 24 months of returning from training, the sailors' military obligations will end, and the skills they learned in operating the frigate's electronic equipment are highly marketable in civilian industry. In the past, Venezuela's navy has had great difficulty in replacing highly skilled technicians whose training had been acquired in the North Atlantic countries.¹² If this pattern is not altered for the Lupo-class frigates, their advanced electronic systems will gradually lose much of their military capability.

4. Given maintenance problems in the navy and air force, Venezuela currently possesses only a marginal military capability to support the foreign policy goal of strengthening friendly Caribbean Basin regimes. Venezuela also has experienced difficulty achieving an even more basic military objective, defense of its coastal population centers and petroleum installations from an attack originating across the Caribbean Basin.¹³ This is one reason why Maurice Bishop's expansion of nearby Grenada's airfield to accommodate advanced aircraft of Soviet design raised such apprehensions in Caracas, and why Venezuela reluctantly supported the decision of the United States to intervene militarily in Grenada.¹⁴

5. The most effective units of the Venezuelan military over the past decade have been the anti-guerrilla or cazador battalions. The quality of these battalions varies considerably, the

¹⁰Guyana's ambassador to the United States, Cedric Hilburn Grant, expressed his government's fear that the 1981 exercises implied a willingness to use the "military option" against Guyana. Barbara Crossette, "Venezuela's Territorial Claims Worry Guyana," *New York Times*, May 9, 1981, p. 18; also see later reports of Guyana's fears of Venezuelan "troop movements" and "arms purchases" in "Venezuela's Claim to Most of Guyana Is Alive Again" in *New York Times*, June 21, 1982, p. A-3. Venezuelan denials that its exercises represent a "threat" to Guyana appeared in *El Universal*, July 14, 1982, p. 1-2. One day later President Herrera named an Advisory Commission for the Recovery of Guyana that included General Vicente Luis Narvaez Churion (Minister of Defense) as one of its five principal members, *El Universal*, July 15, 1982.

In reaction to an earlier call by former Defense Minister Retired General Luis Enrique Rangel Bourgoin that Venezuela occupy the Essequibo [*Latin American Weekly Report*, April 30, 1982, p. 7] *Zeta* editor Rafael Poleo published a controversial editorial "El Esequibo? No podemos," No. 420, May 2, 1982, pp. 6-7, 11. In this editorial Poleo analyzed why the state of Venezuela's military equipment made it impossible for Caracas to rely on its armed forces to gain control. The state of Venezuela's military also was discussed in a public lecture given by Dr. Anibal Romero, an academic expert on Venezuelan national security, on August 16, 1982, at the Simon Bolivar University. This was less than two weeks after President Luis Herrera and the entire military command had visited the Venezuelan state of Bolivar to declare that Venezuela's armed forces would have a "very active presence" while pursuing a "peaceful policy" on the southeastern frontier (Guyana border), *El Universal*, August 5, 1982, p. 1-12. Accounts of Venezuelan frustration at Guyana's failure to negotiate appear in *El Nacional*, August 22, 1982, p. 1, and the *Daily Journal*, August 26, 1982, p. 4.

¹¹The Minister of Defense's comments upon receipt of the *Admiral Garcia* at the La Spezia shipyard were reported in *Daily Journal*, August 2, 1982, p. 3.

¹²Jorge Olavarria, editor of the Venezuelan news magazine *Resumen*, centered much of his May 20, 1979 issue around the implications of the frigates for the Venezuelan navy. Also see "Como se hizo el negocio de las fragatas en Venezuela?" in *Resumen*, No. 402, July 19, 1981, p. 44. The attractiveness of navy personnel trained in electronics by the Italians to the private sector was confirmed in an August 1982 interview with a leading Venezuelan industrialist.

¹³As early as 1953 Major Perez Tenreiro stressed the difficulties of defending Venezuela's Caribbean coastline in an era of bombers and missiles—"Nociones de geopolitica Venezolana," *Revista de las Fuerzas Armadas*, April, p. 358. The June 14, 1981 issue of *Zeta*, pp. 10-11 discusses Venezuela's purchase of the F-16 from the perspective of strengthening Caribbean coastal defense capabilities, especially in relation to a possible MiG-23 attack originating in Cuba.

¹⁴"Defense ministry intervenes on Grenadan policy," *Latin American Weekly Report*, November 18, 1983, p. 5.

critical variable being the professionalism and ability of the officers commanding them. When guerrilla activity increased, the politicians made sure that the cazador units were commanded by the army's most competent officers and received modern arms. The condition of other units in the military also has been influenced by political decisions. Because military leaders ran Venezuela for all but a few of the first 150 years following independence, post-1958 democratic politicians have been apprehensive about allocating the hardware and human resources that would convert the armed forces into an effective and modern fighting force. Serious problems exist not only in the area of logistics and preventive maintenance, but also in relation to such critical administrative procedures as the daily reporting of unit strength.¹⁵

The weaknesses mentioned above are due to more than the reluctance of democratic politicians to support the armed forces. They are also related to such national traits as lack of attention to detail and reluctance to delegate responsibility. So pervasive has been the latter that until the early 1980s the officers had resisted forming an effective noncommissioned officers corps; and this, in turn, made it almost impossible to develop a capability to maintain vehicles. Aircraft, for obvious reasons, were better maintained, although here again the tendency was to concentrate on such flashy items as the fighters and bombers.¹⁶ In contrast to much that has been written, therefore, the military has not proved to be a greater repository of modern technological values than other educated segments of Venezuelan society.

In the past, military support for Venezuelan policy in the Caribbean Basin was most effective when it broke the back of the guerrillas and reduced the ability of Fidel Castro to meddle in internal Venezuelan politics. All other activities involving the projection of power across the Caribbean Basin were ceded to the United States. The Essequibo dispute, however, and to a lesser extent territorial disagreements in the Gulf of Venezuela, are viewed in Caracas as mandating a more effective Venezuelan military. Also, Venezuelans anticipate that they will become involved during the late 1980s in a competition with Cuba to influence the English-speaking islands of the Caribbean; additional pressures will build up to increase the capabilities of the armed forces to the point where they can support diplomatic and economic initiatives. During the remainder of this decade, therefore, unless there is a total economic collapse, Venezuela's armed forces are likely to receive more funds and acquire additional weapons.¹⁷ Whether they will be able to match their new hardware with highly trained and motivated professionals remains an open question.

INTERNATIONAL LINKAGES

The skill, or lack of it, exhibited by Venezuelan diplomats in conducting international relations is of major importance in calculating assets and liabilities for pursuing Caribbean Basin interests. Venezuelan diplomacy relevant to Caribbean Basin policy operates in three arenas: (1) international and regional organizations, (2) along a semi-private dimension involving the international organizations to which the country's major political parties belong,

¹⁵Luis Manuel Escalante, "Nuestra debil linea fronteriza," *Doble 6*, Caracas, Venezuela, No. 182, October 1-7, 1983, pp. 8-9, "De frente, marr," *Autentico*, Caracas, Venezuela, No. 215, August 31-September 6, 1981, pp. 10-11, and the previously noted editorial by Rafael Poleo, "El Esequibo? No podemos."

¹⁶See Armando Duran, "¿Son necesarios los F-16?" *Diario de Caracas*, Caracas, Venezuela, December 29, 1981, for an expression of Venezuelan concern for their military's tendency to go for highly sophisticated weapons that require advanced maintenance skills. The best history in English of the formation of the values of Venezuela's military is Winfield Burgraaff, *The Venezuelan Armed Forces in Politics 1935-1945*, University of Missouri Press, Colombia, 1972.

¹⁷The Lusinchi administration's interest in Brazilian arms is discussed in *Latin American Weekly Report*, April 20, 1984, p. 4.

and (3) bilaterally with other states, especially Mexico and Cuba. The quality of Venezuelan diplomacy has varied sharply in each of these three arenas, partly because of the personalities of those involved, and partly because of the length of time needed to carry out a policy. In general, Venezuelans perform best while pursuing goals that can be attained in the short run.

International and Regional Organizations

Venezuela's position within the international organizations dealing with the Caribbean Basin is characterized by efforts to strengthen the bargaining position of states in the Caribbean Basin and South America in relation to the United States and Western Europe. The Caribbean Development Bank, the Latin American Economic System (SELA), the Organization of American States (OAS), and the Inter-American Development Bank are the most important international organizations in this regard.

Venezuela joined the Caribbean Development Bank as its first non-English speaking member in 1973; subsequent to paying her \$3 million membership allotment she granted a loan of \$10 million to the Bank's Special Fund, and in 1975 she negotiated a \$25 million trust fund to enhance economic integration and agro-industrial development throughout the Caribbean. In so doing, Venezuela sought such earlier mentioned goals as the provision of investment opportunities for Venezuelan capital, the development of food sources that could be traded for oil, and the opening up of new markets for Venezuelan industry. These activities were also designed to reduce the economic dependency of Venezuela and her Caribbean neighbors on the North Atlantic.

The latter emphasis underlay Venezuelan efforts, in conjunction with Mexico, to create the Latin American Economic System. At the time of SELA's creation, Carlos Andres Perez was angry because Washington had abolished tariff preferences for Venezuela. Initially an oversight related to confusion in the U.S. Congress over the difference between the Organization of Arab Petroleum Exporting Countries (OAPEC), of which Venezuela was not a member, and the Organization of Petroleum Exporting Countries (OPEC), to which Venezuela belonged, the action remained in force even though Caracas had not participated in the 1973 Arab oil boycott. Mexico's historic frustrations with the United States are well known, and during the middle-1970s President Luis Echeverria played to these frustrations by appealing to Mexican nationalism and by seeking to act as a spokesman for southern demands. Consequently, Echeverria gladly joined with Perez in founding SELA in 1974.

OPEC successes in raising oil prices had led to expectations that unified Latin American tariff and trade policies could alter the bargaining relationship between Latin America and the North Atlantic. However, SELA soon ran into the same problems of incompatibility among the economic interests of its members that in an earlier decade had doomed similar efforts centered on the Latin American Free Trade Association. This time, despite these incompatibilities, the Latins believed some form of continent-wide, economically oriented organization should be maintained, especially one they totally controlled. Funding from Venezuela and Mexico allowed SELA to operate out of a permanent secretariat located in Caracas, and as the 1980s progress SELA is becoming an active lobby for Latin America in matters associated with international political economy.

Following the Falkland Islands war of 1982, the VIII Regular Meeting of SELA came out strongly against the use of military force by the northern industrial powers in the south. In a stirring address, Luis Herrera Campins called upon member states to cooperate in developing economic power sufficient to reduce to more manageable levels the technical and industrial

dominance of the United States and Western Europe in Latin America. The use of SELA to support southern political positions, while yet to be effective in the Caribbean Basin, should accelerate during the 1980s.¹⁸

President Herrera also cited Great Britain's use of military force to reclaim the Falklands and the backing this effort received from the European Economic Community and the United States as a compelling argument for greater Latin American participation in the Non-Aligned Movement. Even as SELA was meeting, Venezuelan diplomats throughout the Caribbean Basin were urging full membership in the Non-Aligned Movement upon the governments to which they were accredited. However, Herrera's southern tilt did not extend to heeding calls from militant Venezuelan leftists that he should push for reorganization of the Organization of American States to exclude the United States.

Herrera's position on not excluding the United States from the OAS is shared by the dominant foreign policy elites of the currently governing Social Democratic Party (AD):

- The Social Democrats and Social Christians both caution that the United States remains powerful and close; Latin Americans have no choice but to find ways to coexist with the powerful northern colossus.
- In private, both Herrera and Rafael Caldera cautioned their party's ultra-Nationalists that an important function of the OAS is to restrict the ability of the United States to act unilaterally in the Western Hemisphere. This is also the position of Jaime Lusinchi within AD.
- In addition, the Social Democratic and Social Christian foreign policy establishments also recognize that their interests and those of Washington coincide in preventing the emergence of additional Marxist-Leninist regimes in the Caribbean Basin.

Two operating principles thus stand out in regard to how Venezuela uses international organizations to pursue her Caribbean Basin interests:

First, in a growing number of instances, the Venezuelan emphasis is on north-south issues. The Caribbean Development Bank, the Inter-American Development Bank, SELA, and even Venezuelan participation in the United Nations has as one of its major goals to facilitate more equitable distribution of the planet's riches. Such an end may be accomplished by forming cartels among raw materials' producers, by stimulating economic integration, or by pressing the industrial countries to place wealth extracted from the sea bed in a trust fund to facilitate development in the south.

Second, although Caracas prefers to keep great power rivalries out of the Caribbean Basin, cooperation with the United States continues to be valued when east-west issues do intrude. Venezuela's willingness to train anti-guerrilla units of the El Salvador military is confirmation that when Washington and Moscow become engaged in the Caribbean, Caracas will side with the former.¹⁹ Whether working behind the scenes with the United States, or in international organizations with the Africans and Asians, Venezuelan diplomats often have demonstrated considerable skill and imagination. At other times, however, they have lacked the persistence and preparation necessary to make important contributions.

¹⁸Robert Bond, "Regionalism in Latin America: Prospects for the Latin American Economic System (SELA)," *International Organization*, Vol. 30 (Spring 1978), pp. 401-423. Also, David E. Blank, "Venezuela: Politics of Oil," in Robert E. Wessen (ed.), *United States Influence in Latin America in the 1980s*, Praeger Publishers and Hoover Institution Press, New York, 1982, pp. 79-81.

¹⁹"Enders Puts Venezuela on the Spot over El Salvador," *Latin America Weekly Report*, February 4, 1983, p. 1.

Linkages with International Political Movements

The leaders of Venezuela's most important political parties participate in nongovernmental international organizations having influence in the Caribbean Basin. The most notable of these are the Socialist International and the Organization of American Christian Democrats (ODCA). Both organizations receive important financial and political assistance from their respective Venezuelan members, the Social Democrats (Accion Democratica) and the Social Christians (COPEI).²⁰ Although the ideology of the Socialist International and ODCA relates positively to the Venezuelan government's policy of strengthening democratic regimes in the Caribbean Basin, rivalry between Accion Democratica (AD) and COPEI enters into play when the Socialist International and ODCA compete to assist opposing political elites in specific Caribbean Basin countries, such as El Salvador.

Use of the Socialist International during the late 1970s by then President Carlos Andres Perez illustrates how private international organizations can supplement official policy. Perez manipulated the common ideology uniting members of the Socialist International to legitimate the Sandinistas in world public opinion and to publicize abuses committed by the Somoza dictatorship. He played the same game out of office in an unsuccessful attempt to preserve individual freedoms in Nicaragua after the Sandinistas came to power. During both the destabilization of Somoza's government and the consolidation of Sandinista rule, the Socialist International was dominated by the most radical elements in the European Social Democratic parties.²¹ Perez's previously discussed anger with U.S. trade policies, and his pushing of southern demands, meshed easily with the ideology of the Socialist International's most militant Marxists.

After the fall of Somoza, Perez played an important role in the campaign of the Socialist International to secure some role for El Salvador's guerrillas in a government of national reconciliation. The Socialist International and ODCA parted company on this issue. ODCA came down solidly behind the then provisional government of Christian Democrat Napoleon Duarte during 1981. The Socialist International sympathized with the position of El Salvador's Social Democrats, who had joined the guerrillas. However, at that time, differences between the Socialist International and ODCA narrowed because Nicaragua's Sandinistas moved toward a Marxist-Leninist mode of governing, and because the Sandinistas began to funnel arms from Cuba to the El Salvador guerrillas. Subsequently, both the Venezuelan Social Democrats and Christian Democrats became more guarded in their attitude toward so-called national liberation movements.

After the disillusioning turn toward authoritarianism in Nicaragua, ODCA moved even closer to the U.S. position on El Salvador and funneled military assistance to the Duarte government. The architect of this policy was the organization's Secretary General, Aristides Calvani. As noted earlier, Calvani served as Venezuela's foreign minister during the Caldera administration. Although discouraged by the March 1982 failure of El Salvador's Christian Democrats to obtain a majority in the constituent assembly elections, Calvani used ODCA influence and the promise of continuing Venezuelan economic and military assistance to insure that the victorious rightists would maintain free and open voting in the elections that were to

²⁰James Petras, "Social Democracy in Latin America," in *Canadian Dimension*, Vol. 15, No. 8; Vol 16, No. 1, Winnipeg, December 1981, pp. 15-18; Constantine G. Menges, "Central American Revolutionary Warfare," Hudson Institute (unpublished), 1981, pp. 116-117. On the Christian Democratic Organization of Latin America, see Ricardo Arias Calderon, "The Christian Democrats in Latin America," *Caribbean Review*, Vol. XI, No. 2, Spring 1982, pp. 34-38.

²¹During this period several German Social Democrats lived in Caracas and worked in the Foundation for Political Studies of the Venezuelan Social Democratic Party (Accion Democratica). The most influential of the Germans, Federico Welsh, belonged to the militant left wing of the German Social Democratic Party.

follow. Calvani's policy bore fruit in 1984 when Duarte won the presidency in a closely contested election. This suggests that throughout the 1980s ODCA will remain an important voice in support of democratic evolution in the Caribbean Basin. Since the Falkland Islands conflict, however, Calvani has considered it prudent to keep ODCA as far away from the United States as possible in public. Nevertheless, ODCA's Christian Democratic ideology and belief in democratic pluralism make the organization sympathetic to the Reagan administration's concern with communist subversion in the Caribbean Basin.²²

Bilateral Relations

Foreign policy toward two states, Cuba and Mexico, became important for Venezuela's Caribbean Basin interests during the 1970s.

Cuba. Between 1969 and 1982, Venezuelan-Cuban relations passed through several phases: return to diplomatic normalcy (1969-1974), limited cooperation (1974-1979), pursuit of opposing interests (1979-1982), and a search for a new basis of understanding (1982-present). In restoring diplomatic relations with Fidel Castro during 1974, Carlos Andres Perez completed a process that had been initiated by Rafael Caldera four years earlier. In the first years of his presidency, Caldera had eliminated the final vestiges of the 1960s insurgency; and Caldera saw in Castro an ally for his policy of international social justice. Perez shared Caldera's calculation that Castro no longer represented a threat to internal Venezuelan stability and anticipated that Cuba could provide bargaining leverage in his relationship with the United States.

For a time Carlos Andres Perez was also captivated by the idea that Venezuela under his leadership could become the dominant regional power in the Caribbean Basin. The Venezuelan president decided he could deal on his own with Castro, and as the well known course of events between 1976 and 1982 in Central America illustrates, the two leaders did cooperate in several matters. However, when it became evident that Castro's clandestine assistance to the Sandinistas was being coordinated with Soviet military aid, Perez concluded that Castro's game was more duplicitous than it initially appeared.

Castro's cooperation with the Soviets in Nicaragua accelerated a cooling in Venezuelan-Cuban relations that had begun earlier with Cuba's dispatch of troops to Angola in 1976. During the early years of Luis Herrera's presidency, underlying tensions between Venezuela and Cuba surfaced over two matters: the escalation of a long simmering dispute concerning the status of Cuban dissidents who had taken refuge inside of the Venezuelan embassy in Havana, and the disposition of anti-Castro Cuban terrorists believed to have been responsible for the sabotage of a Cuban aircraft that crashed off Barbados in 1976. The latter issue was exacerbated in September 1980, after a Venezuelan military tribunal acquitted the four terrorists charged with the crime on a legal technicality. Although the accused terrorists remained in custody, President Herrera's refusal to hand them over to Cuban authorities continued to strain relations between Caracas and Havana.²³

Following the Falklands conflict, Cuba and Venezuela intensified efforts to find some way around the above-mentioned impediments to improved relations. Caracas wanted Havana's support in the Essequibo dispute and continued to hope Venezuela could create alternatives for

²²Confidential interview with a Venezuelan diplomat on August 5, 1982.

²³John D. Martz, "Ideology and Oil: Venezuela in the Circum-Caribbean," in H. Michael Erisman and John D. Martz (eds.), *Colossus Challenged: The Struggle for Caribbean Influence*, Westview Press, Boulder, Colorado, 1982, pp. 131-133.

Havana to dependence on Moscow. Havana calculated that Caracas could help consolidate Cuba's new-found acceptability as a southern comrade in arms against the "still imperialist" north. Although relations between Venezuela and Cuba improved marginally during 1982, Cuba's failure to facilitate Venezuela's entry to the Non-Aligned Movement in 1983 suggested that Havana continued to view Caracas as a rival for influence in the Caribbean Basin. This perception is reciprocated by the Lusinchi government.

Mexico. Relations between Mexico and Venezuela never have been close, although an ideological affinity exists between the former country's ruling Revolutionary Institutional Party and the latter's Accion Democratica. To the extent that Venezuela historically pursued Caribbean Basin interests, Caracas concentrated on the island states and on the parts of Central America closest to home. Mexico traditionally emphasized its own internal development, relations with the United States, its global interests, and ties with Central America north of Panama.

During the middle-1970s, as discussed earlier, ambitions to assume a leadership role among southern countries brought together Mexico's Luis Echeverria and Venezuela's Carlos Andres Perez for the purpose of founding SELA. The two also cooperated in easing Somoza out of power and refused to join in U.S. efforts to install a moderate alternative to the Sandinistas. A strong interpersonal relationship underlay this coordination of national policies. Consequently, after the terms of the two cooperating presidents expired, the only significant Mexican-Venezuelan joint international venture was the previously mentioned oil facility.

During the early 1980s, Venezuela and Mexico found themselves in disagreement over an issue of major importance for the Caribbean Basin—the insurgency in El Salvador. Mexico's tilt toward the guerrillas reflected the belief of its leaders that leftist authoritarian regimes inevitably would emerge in many countries of the region. Venezuela, however, remained optimistic that pluralistic democracy was a workable alternative. Both fervently desired to keep Central American political turmoil from becoming a vehicle for superpower confrontation in the region. Consequently, they joined with Colombia and Panama in the Contadora Initiative, which seeks a peaceful settlement to revolutionary violence in Nicaragua and El Salvador.²⁴ In addition, Venezuela and Mexico seem likely to cooperate along at least two other lines: sharing the cost of dominating the Caribbean oil export market, and the use of oil as a tool to strengthen friendly governments and stabilize politically volatile states. Other manifestations of Venezuelan-Mexican cooperation will depend heavily on the personalities of the individuals who happen to be governing the two countries.

²⁴At the April 1984 meeting of the Contadora Group Venezuela's Foreign Minister Isidro Morales P. reflected growing discontent within the group over its ineffectiveness when he stated "Contadorads cannot go beyond what the Central American nations are willing to do . . . it must not become the scapegoat for the behavior of the area's countries, . . . since the main responsibility for peace falls on the Central American nations themselves." *New York Times*, April 25, 1984.

V. IMPLICATIONS FOR U.S. POLICY TOWARD VENEZUELA DURING THE 1980s

Venezuelan behavior in the Caribbean Basin since her emergence as a regional power illustrates that there are important differences between some things the United States wants and others Venezuela desires. There is also considerable overlap. In instances where this is the case, the United States needs to explore appropriate forms of cooperation with Caracas. On still other issues, it may consider leaving the field to the Venezuelans—even when what they do is not exactly the course that the United States would pursue were it to take the lead. In both instances, Washington benefits without having to commit its own resources. To explore the possibilities and consequences of such an approach, analysis needs to center on the compatibility of Venezuelan Caribbean Basin interests—political, territorial, military, and economic—with those of the United States during the 1980s.

COMPATIBILITY AND CONFLICT OVER POLITICAL INTERESTS

Venezuela's support for democratic regimes, its commitment to minimizing intrusions by one state into the internal affairs of another, and its efforts to strengthen the capability of neighboring Caribbean Basin states to manage political change appear almost identical to what the United States claims are its political goals. Nevertheless, Washington and Caracas found themselves on opposite sides in several Caribbean Basin political disputes during the 1970s. In actual situations, therefore, pursuit of abstract political interests that sound similar has led to distinctive policies.

To analyze the extent to which Venezuelan political interests in the Caribbean Basin are in fact compatible with those of the United States, it is useful to look at pursuit of political interests in relation to (1) a state ruled by open democratic elites, (2) a state caught up in the transition away from traditional rule, and (3) a state experiencing external interference in its internal political affairs. Each condition forces Washington to make a different calculation in deciding whether Venezuela's interpretation of its political interests is compatible or incompatible with what the United States judges its interests to be in the situation.

Congruent Interests: Support for Democratic States

The clearest situation of unambiguous overlap between Venezuelan and U.S. interests is when political elites committed to open democracy and social justice exercise power. As of mid-1984, the most prominent examples of states in which this situation prevailed were Costa Rica, Barbados, Jamaica, the Dominican Republic, and Colombia. In each case, Venezuelan efforts to strengthen the democratic system have coincided with U.S. policy.

The case of Costa Rica illustrates the kinds of activities in which Venezuela has involved itself in supporting democratic elites. These activities include visits by leaders of the Social Democratic and Social Christian political parties with their counterparts in Costa Rica, government sponsored cultural and education exchanges, the granting of economic assistance in the form of preferential prices for Venezuelan petroleum, and even the use of Venezuela's Air Force to shield Costa Rica from pressures emanating from Nicaragua during the final year of the Somoza dictatorship. The United States could not have undertaken some of these actions,

and some would have been politically or economically costly. Thus, the Costa Rican case demonstrates the kind of situation where the United States benefited from Venezuelan activities without having to take any initiatives of its own.

Convergent and Divergent Interests: Transitional Orders

The dynamics of transition away from traditional political modes of governing provide ample opportunities for the United States and Venezuela to pursue differing policies. Although both Washington and Caracas prefer that democratic political elites replace traditional authoritarian rulers, seldom is the choice one that is so clear cut. Initial movement away from traditional politics invariably is opposed by inflexible elements among civilian and military elites who perceive any change as unacceptable, and by revolutionaries who demand a more rapid and complete transformation of the existing social, economic, and political arrangements. In these conditions, moderate democratic elites advocating open dialogue, respect for opposing political points of view, and incremental change often find themselves a minority in danger of being overwhelmed on all flanks.

Events in El Salvador during the late 1970s and early 1980s illustrate that it is difficult but not impossible for the United States and Venezuela to agree on a common policy when the above-mentioned conditions prevail. The overriding political interest of the United States in El Salvador, even before the recent outbreak of guerrilla activity, was to prevent political change from opening the doors of power to elites allied with the Soviet Union and Cuba. Therefore, Washington extended assistance even when El Salvadorian governments pursued policies often at odds with historical U.S. ideals.

Caracas, however, was less fearful that militant leftist movements in El Salvador, and in the Caribbean Basin in general, were as subservient to Moscow and Havana as Washington claimed. Also, Venezuela's democratic leaders historically have sympathized with any group committed to economic transformation and social equality. When militant leftists do act independently and nationalistically, therefore, they generally are more acceptable to Venezuelan democrats than are the traditional elites of rightist authoritarian regimes. It has been over this point that policies pursued by Caracas and Washington in El Salvador and elsewhere throughout the Caribbean Basin have diverged most, especially when the Social Democrats have exercised power.¹

The potential unraveling of existing political regimes during the remainder of the 1980s in Caribbean Basin countries could present problems analogous to those raised by El Salvador. In some instances, political dynamics within these countries may very well create situations in which AD and COPEI support forces advocating extremely different political solutions. Should the United States find that its position in such an eventuality is close to that of either major Venezuelan political party, the opportunity will arise for cooperation and also for potentially disruptive contingencies:

- In such a situation, it would be best for Washington to keep a low profile while cooperating with those sharing its perception concerning the general policy approach to be adopted.

¹The importance of a political solution that would permit free participation for the guerrillas was stressed by President Herrera Campins at numerous press conferences during July and August of 1982. Rafael Caldera also adopted this position in his August speech accepting the Social Christian Party's presidential nomination for the 1984-1989 constitutional period. Neither Herrera nor Caldera, however, favored a guerrilla takeover of El Salvador.

- Conversely, Washington should avoid acting in a manner that could be interpreted as favoring the cooperating Venezuelan political party over its rival in the domestic political arena.

Any perception that the United States is favoring the cooperating political party would probably backfire because Venezuelans would immediately consider Washington to be interfering with their right of self-determination. It also would poison relations with the other political parties. Because both the Social Christians and Social Democrats have a good chance of exercising power at some point, the costs of pursuing policies that could create intense hostility toward the United States on the part of one set of Venezuelan democratic leaders outweigh any benefits that might be obtained.

Channels need to be kept open to each of Venezuela's major political parties, regardless of which one happens to be governing. Such a posture will enable Washington to present its case on behalf of U.S. policy to the relevant Venezuelan political elites. Also, it will permit the United States to be so positioned as to take advantage of linkages that either AD or COPEI may possess to key actors in post-traditional situations throughout the Caribbean Basin.

Conflicting Interests: Military Action Against Destabilizing States

The United States would confront major problems in gaining Venezuelan support for military or paramilitary operations that would "go to the source" of external efforts to destabilize Caribbean Basin governments. In most instances, any U.S. initiative involving military force in the Caribbean Basin—and going to the source of a destabilization campaign will involve military force—automatically awakens fears associated with past U.S. armed intervention in the region. For example, when information circulated in Caracas during late 1982 that the United States was training remnants of the National Guard of ousted Nicaraguan dictator Somoza, COPEI and AD immediately stated publicly their opposition to these efforts. This remains their position even though the intent of the U.S. action was to interdict supplies from Nicaragua to the Salvadoran guerrillas, and even though both parties had expressed disillusionment with Sandinista ties to the Soviet Union, with Nicaragua's suppression of human rights, and with the export of revolution to El Salvador.² Although Caracas may be concerned over security threats posed by radical regimes, the best that the United States might expect is for Venezuela to mute its criticisms of the U.S. action.

Therefore, only under extreme provocation is Venezuela likely to actively support U.S. military initiatives against the source of a plot to destabilize a Caribbean Basin country. Such support might be forthcoming in the following contingencies:

- If Colombia's National Liberation Army or M-19 guerrillas began to recruit among Colombian immigrants in Venezuela, and if these forces began to attack Venezuelan population centers and economic facilities, Caracas might be persuaded to join in efforts to destroy the guerrillas' home bases and to intercept supplies being sent to them from hostile Caribbean sources.
- If an externally based threat involved the very survival of Venezuelan democracy, and if the United States appeared strongly committed to acting, Venezuela might contribute token military forces to land in the home territory of the offending Caribbean Basin state.

²Interviews with AD and COPEI foreign policy elites during September 1982 and March 1983.

Were the military confrontation to be with Cuba, however, Venezuelan participation would be problematical. Indeed, Venezuela might hold back even verbal support of Washington if it were calculated that the United States was irresolute, or if the plan carried with it a high risk of thermonuclear war.

CONFLICT OVER TERRITORIAL INTERESTS

Venezuelan territorial interests in the Caribbean Basin present problems for the United States to a far greater extent than they represent opportunities. It is difficult to see how the United States can benefit from an intensification of tensions associated either with Venezuelan claims against the Essequibo or Venezuela's dispute with Colombia over territorial waters in the Gulf of Venezuela.

It is easy to see how intensification can adversely affect U.S. interests. In the Gulf of Venezuela dispute, to the extent that the continental shelf involved is rich in petroleum, and to the extent that the United States wants to maximize available reserves of petroleum in the Caribbean Basin, Washington has an interest in encouraging Caracas and Bogota to reach an agreement at the earliest possible date. Until there is an agreement, neither can explore or exploit petroleum reserves in the Gulf of Venezuela.

U.S. interest in a peaceful resolution of the Essequibo dispute is overwhelming:

- An appeal to arms by Venezuela could destabilize northern South America; the resulting situation would present numerous opportunities for Cuba and the Soviet Union to cause mischief and create problems for the United States.
- Another potentially important actor in the drama might be Suriname. Currently ruled by an opportunistic and at times leftist clique, Suriname never has abandoned its claim to the eastern 20 percent of Guyana. Suriname might be tempted to press its claim by military means should Venezuela move against the Essequibo.
- The English speaking Caribbean mini-states would view any Venezuelan movement into the Essequibo as imperialism and potentially threatening to all neighboring former English colonies.
- Perhaps most critical of all, a Venezuelan movement into the Essequibo could destabilize Venezuelan-Brazilian relations, given that Brazilian interests in the Essequibo are becoming more important in the eyes of the Brazilian government.

Concerning the latter point, Brazilian diplomats have hinted that anything less than a peaceful resolution of the Essequibo dispute would cause their government to reexamine agreements dating back to 1905 that delimit the Brazilian-Venezuelan frontier. During the October 1982 visit to Brasilia of Guyana's Prime Minister Forbes Burnham, President Joao Figueiredo also reaffirmed Brazil's intention to work on matters of mutual interest, specifically the development of oil reserves in the Essequibo.³ This declaration also implied Brazilian support for Guyana's claim to the great majority of the Essequibo. The Essequibo dispute, therefore, has the potential to impinge on the interests of four South American neighbors, Cuba and several other island Caribbean states, as well as the United States.

Militarization of the Essequibo dispute also poses a threat to Venezuelan democracy. Should the Venezuelan armed forces be unable to control the Essequibo following an invasion, or should the conflict escalate to include other Caribbean and South American states, the

³*Latin American Weekly Report*, October 1, 1982, p. 12.

politicians who "got Venezuela into the conflict" would be discredited. The post-1958 democratic system's legitimacy would receive a blow equal to or greater than that caused by the severe economic downturn of the Herrera government's final year. Should the democratic regime be overthrown, there is at least an even chance that those coming to power in Caracas would be hostile to the United States.

The implications for U.S. policy are thus clear: Persisting Venezuelan annoyance with Washington's opposition to using force in the Essequibo is a small price to pay for avoiding several scenarios that, from the standpoint of U.S. interests, could be disastrous. This enormous negative potential is why Washington must continue to have access to first-rate intelligence on Venezuelan intentions and capabilities in the Essequibo. Dangers inherent in the situation also dictate that Washington move behind the scenes to secure some minor adjustments in the disputed boundary that would preserve most of the Essequibo for Guyana while satisfying Venezuela's need to secure some part of the disputed area.

CONGRUENT AND CONFLICTING MILITARY INTERESTS

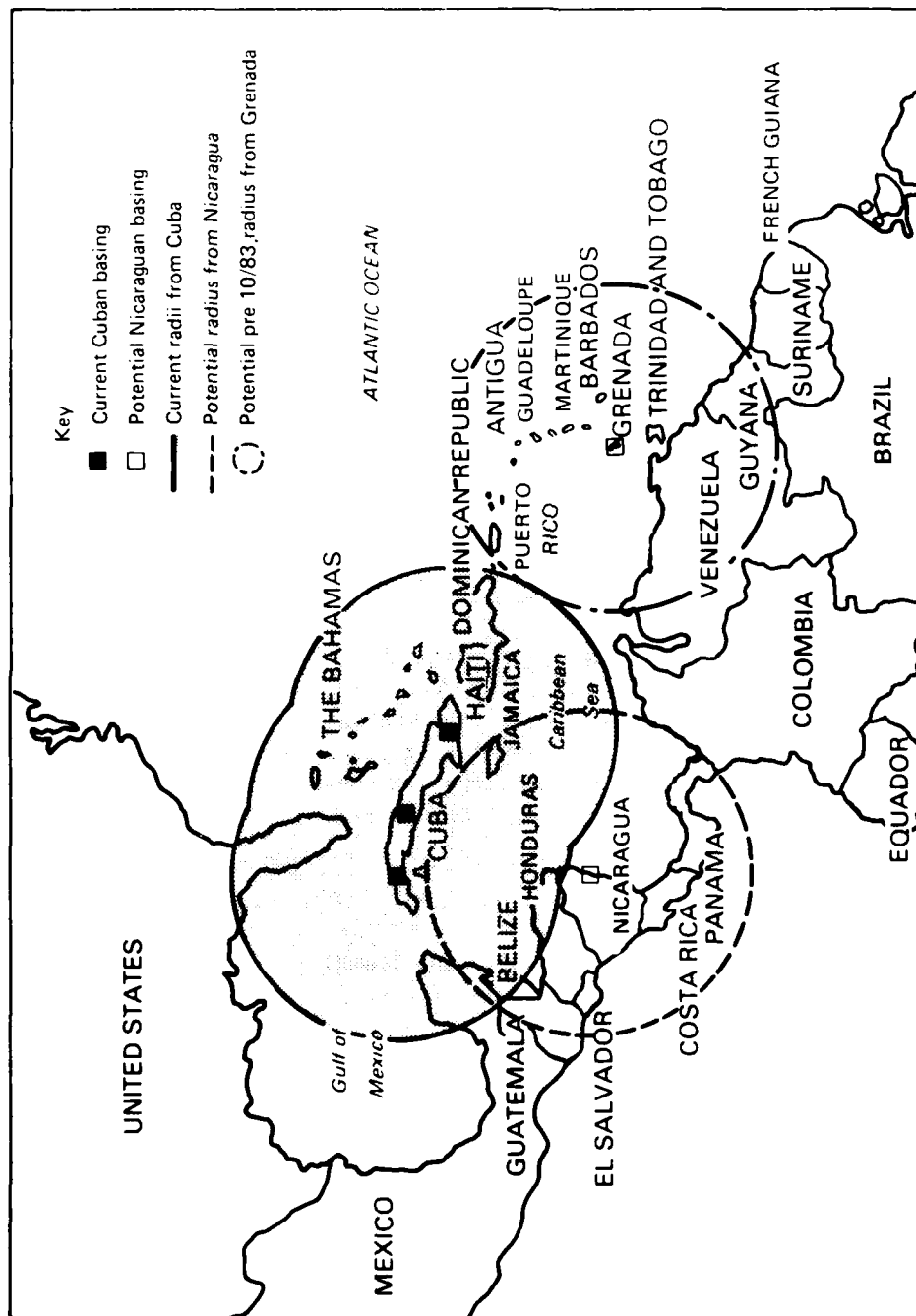
Venezuelan military interests in the Caribbean Basin—defense of the frontiers, especially of its petroleum installations; development of a capability to send military forces to assist neighboring countries; and maintenance of considerable anti-guerrilla capability—present opportunities as well as problems for U.S. policy.

Frontier Defense and Petroleum Supplies

The greatest congruence of U.S. and Venezuelan military interests involves Venezuela's petroleum-producing installations, most of them located near the frontiers, and the threat potential posed by Cuba. Closer U.S. military ties with Venezuela could pose problems for U.S. relations with other Caribbean Basin states. But these problems are not important enough to counterbalance the advantages of strengthened military cooperation between Washington and Caracas, particularly in the event of certain critical contingencies:

- Should conflict in the Persian Gulf or Soviet moves to cut the United States off from its Middle East oil supplies occur, Venezuelan oil would become critical to the United States, Western Europe, and Japan.
- In the event of a conventional war involving NATO, the Soviet Union might be tempted to send the Cuban Air Force against Venezuelan oil fields. Currently these fields lie beyond the combat radii of Cuba's MiG-21s and -23s, but this would change should Fidel Castro acquire longer-range aircraft later on in the 1980s, or supplementary bases in the Eastern Caribbean, as appeared to be happening under the Bishop regime (see Fig. 2).
- Prior to October 1983, Venezuela became increasingly concerned over the vulnerability not only of its eastern oil field, but also of its Gulf of Maracaibo petroleum installations and western military bases to potential Cuban (or Soviet) air attacks from Grenada. This concern was an important reason why Caracas pressed Washington to allow the Venezuelan Air Force to purchase 24 F-16 aircraft. The first F-16 aircraft were delivered to Venezuela in early November 1983 (see Figs. 1 and 2).

Congressional approval for the F-16 purchase was seen in Caracas as evidence of continuing U.S. commitment to Venezuelan national security. It was also viewed by Caracas as a



SOURCE: MiG radius taken from U.S. Department of State, *Cuban Armed Forces and the Soviet Military Presence*, Special Report No. 103, Washington, D.C., August 1982, and International Communication Agency document (same title, no date).

Fig. 2—MiG-23 range

signal that Washington approved of Venezuela's role as a regional power. From the U.S. perspective, Venezuela's combat-ready F-16 aircraft might eventually release some USAF and USN aircraft for other duties should the sea lanes to Europe be threatened in case of a conventional Soviet attack on NATO.

To protect its Caribbean coast, however, Venezuela will need far more than the 24 F-16 aircraft currently entering its inventory.⁴

- Estimates to accomplish this task run between 75 and 96 aircraft, roughly the equivalent of one U.S. Air Force wing.
- Whether Venezuela eventually acquires this number of F-16s depends both on financial considerations and on the maintenance capability of the Venezuelan Air Force.
- The Venezuelan Air Force capability is inadequate to maintain and operate even the 24 aircraft now being delivered. Current economic difficulties make it impossible for Venezuela to purchase additional F-16 aircraft on terms other than ones that would amount to a grant in aid.

The USAF is interfacing with the Venezuelan Air Force while the latter is learning to operate the 24 F-16s to which it is firmly committed. This should reveal the technical feasibility of building up the Venezuelan Air Force to where it could defend Venezuela's petroleum installations and population centers from any attack that could be launched from aircraft based in the Caribbean Basin.

POTENTIAL FRICTION WITH OTHER U.S. ALLIES

Colombia has expressed some reservations over the F-16 sale, but the Colombian Air Force is under no illusions that its country can afford the F-16. In addition, the Colombian government perceives the United States as friendly, a source of specialized military hardware for its ongoing counter-insurgency effort, and is reassured because Venezuela's F-16s will be equipped to make them most useful for coastal defense.⁵ The defensive configuration of the Venezuelan F-16s armament also has dampened Guyana's concern over sale of the F-16 shipments. While they replace stocks sent to Argentina during the Falkland Islands conflict, their arrival does restore much of the Venezuelan air force's capability to mount air mobile operations.⁶ In summary, although the United States has much good will to gain in Caracas by upgrading and modernizing Venezuela's tactical air forces, care must be taken to calm any concerns this policy creates in Bogota, Brasilia, or Georgetown.⁷

⁴Interviews on September 2, 1982, with U.S. Air Force personnel at the U.S. Air Force Southern Command (USAFSO) in Panama.

⁵See the statement by Colombian President Turbay broadcast on Bogota's Cadena Radial Super, *Foreign Broadcast Information Service*, VI: 232, December 3, 1981, p. F-2. The armaments of Venezuela's F-16 are analyzed at length in "Si quieres paz . . .," *Zeta*, No. 377, June 14, 1981, pp. 10-13.

⁶Guyana Embassy, *Washington Newsletter*, No. 1/1983, p. 7, expresses Brazilian and Guyanese concerns over Venezuela's capabilities and intentions in the Essequibo. An interview in Rio de Janeiro during January 1984 with a leading Brazilian diplomat suggested that Brazil perceives no national security problem for itself in the replacement by Washington of the military stocks sent by Caracas to Buenos Aires during the Falkland Islands conflict.

⁷See the analysis in The House Foreign Affairs Committee, Inter-American Economic Affairs, *Sophisticated Armament for Latin America?* Vol. 36, Summer 1982, p. 75.

Development of an RDF Capability?

Venezuelan officers have from time to time discussed the feasibility of creating some kind of limited rapid deployment force to assist friendly governments in resisting externally supported insurgencies. A force of this kind could shield democratic governments on the small Caribbean island states against interference by Cuba or Cuban surrogates. Venezuela, however, would need multidimensional assistance from the United States in order to operationalize such a force. At a minimum, it would entail reconditioning naval landing craft, increasing the logistic capability of the armored forces, upgrading the small arms carried by the infantry, and augmenting transport aircraft capability. Finally, the leaders of Venezuela's two major political parties would have to agree on such a policy.

During the remainder of the 1980s, despite the brief appearance of cazador advisers in El Salvador, there is little likelihood that a Venezuelan rapid deployment force will be developed. Not only would its cost be more than either Caracas or Washington seem prepared to invest at present, the force would be viewed with suspicion by Venezuela's neighbors, especially the small, English speaking Caribbean islands against which it most probably would be used. Also, before taking action, Venezuela would need to secure domestic political consensus and that would cause hesitation if deployment were likely to end in combat.⁸ In short, although Caracas has some interest in confronting military force projected from an interventionist Caribbean source, neither the political-diplomatic nor the military-technical requisites exist to create military units capable of pursuing this option in any meaningful sense.

Maintaining a Counterinsurgency Capability

Caracas and Washington do share an interest in maintaining a military force capable of successfully dealing with guerrilla insurgency within Venezuela itself. Consequently, the U.S. Military Assistance Group would do well to keep a close watch on the anti-guerrilla cazador units and encourage Venezuela's Army to staff them with highly competent and U.S.-trained officers. The communications and intelligence capabilities of the cazador units also should be upgraded and modernized. Finally, because there is growing concern that the communists are seeking to infiltrate the command centers through which the cazador units operate, it would be in the interest of the United States to assist Venezuela in detecting these efforts.⁹

Continuing Venezuelan freedom from the threat of guerrilla violence serves the U.S. interests in several ways:

- It will guarantee Venezuela a stronger domestic base from which to pursue its Caribbean interests.
- Links established with the United States in the process of cooperating against the insurgents should in most instances bias the Venezuelan officer corps toward cooperation with Washington.
- This bias should serve as a counterweight to populist demagogues seeking to maneuver Venezuela into a position of confrontation with the United States.

⁸For example, Eduardo Fernandez, the Secretary General of COPEI, has cautioned against the role of policeman for Venezuela while exercising influence in the Caribbean Basin. *El Nacional* (Caracas), May 23, 1980.

⁹*El Universal*, August 5, 1982, pp. 2, 22, Jose Campos Suarez, "Guerrilleros fusilan a los delatores," *Autentico*, No. 261, Caracas, Venezuela, August 15, 1982, pp. 8-11.

CONVERGING AND CONFLICTING ECONOMIC INTERESTS

Venezuela's pursuit of her Caribbean Basin economic interests during the 1980s will be cloaked when helpful in the north-south confrontational rhetoric of the developing countries. Concretely, however, Venezuela will retain three basic economic interests: transformation of her Caribbean Basin petroleum export market into one that is profitable, augmentation of the capabilities of neighboring states to absorb Venezuelan manufactured goods, and development of the Basin's food-producing potential.

Success in pursuing these interests—which should contribute to Venezuelan stability and prosperity—is compatible with U.S. goals. For example, the previously discussed Venezuelan-Mexican oil facility may involve southern cooperation to manage a southern resource without interference from the industrial north. Yet a beneficial consequence of the oil facility is the release in the recipient countries of funds that would otherwise have been used to purchase oil. Released funds can be used in development projects. Even Venezuelan investment in agribusiness on the English speaking islands, in that it may raise living standards, can also serve U.S. interests. In these and similar instances, Washington might ignore the confrontational rhetoric and examine instead the consequences of the specific policies Caracas is pursuing.

VI. CONCLUSIONS

Venezuela has only asserted itself as a regional power in the Caribbean Basin since the early 1970s. During this brief time, Venezuelan activities in the Basin have often been reduced to such simple characterizations as the "politics of oil," "oil and ideology," or just "Venezuelan policy."¹ This emphasis on the conditions that have enabled Venezuela to emerge as a regional power, rather than on policy themes, is understandable owing to the importance of oil and democracy in Venezuela's upward international mobility.

Without petroleum revenue, many policies that Caracas has pursued in the Caribbean Basin would have been little more than empty rhetoric. Without the domestic political stability brought to Venezuela by the post-1958 democratic regime, Caracas would also be constrained from playing an assertive role in the Basin. Hence, the two most important themes of Venezuela's Caribbean Basin policy have been, and will probably continue to be, exploitation of the region's potential to sustain political elites that can strengthen the domestic position of Venezuela's own democratic leaders, and conversion of the region into a profitable market for Venezuelan petroleum.

The latter development has acquired a greater urgency in light of the February 1983 drop in petroleum prices. With the price of marker crude stabilizing at \$29 per barrel, Venezuela was forced to absorb a cut of between \$3.00 and \$3.50 per barrel; this translated into a shortfall in government revenue of more than \$2.7 billion for fiscal 1983.² In addition, revelations during early 1983 that Venezuela's once inconsequential foreign debt had passed \$35 billion undermined confidence in the financial management capability of the Herrera government. The flight of capital intensified and the Central Bank was obliged to replace free convertibility between the U.S. dollar at the rate of 4.3 to 1 with a three-tiered system of foreign exchange. Venezuela's economic position has weakened unexpectedly and dramatically in a very short time. Political stability, because of its great dependence upon the acquisition of resources for distribution, also has become more tenuous.

This new situation has led to speculation that Caracas will no longer be capable of playing even a limited role in Caribbean Basin affairs. Such speculation, however, seems premature. Venezuela retains impressive liquid petroleum reserves and sits atop one of the planet's greatest concentrations of tar sands, the *Orinoco Faja Bituminosa*. The price of petroleum is expected to rebound as economic activity picks up in the industrial world, and the international banking community would seem to have no choice but to modify the schedule for repayment of Venezuela's debt. When all is said and done, therefore, democratic Venezuela remains the Caribbean Basin's wealthiest country. Also, it retains a considerable political and economic capability to exert influence throughout the region.

Development of the Caribbean Basin as a source of support for Venezuelan democracy and as a profitable market for Venezuelan petroleum is not the only important theme of Venezuelan policy in the Caribbean. Three others merit attention:

- A growing consensus in Caracas that the Caribbean Basin will constitute Venezuela's most important sphere of geopolitical interests for the foreseeable future.

¹Blank, "Venezuela: Politics of Oil;" Bond, "Venezuelan Policy in the Caribbean;" and Martz, "Ideology and Oil."

²"Marker" is a technical term indicating the price of crude oil that sets or marks the price per barrel of other kinds of crude oil. *Latin American Weekly Report*, March 18, 1983, p. 1.

- An often disjointed attempt to exercise leadership in the Basin in conjunction or in competition with other regional powers, especially Mexico and Cuba.
- An inclination at times to manage Caribbean Basin policy as a manifestation of Venezuela's dependence on, antagonism toward, and admiration for the United States.

The Caribbean Basin became open to the exercise of Venezuelan influence only after the Western European powers accelerated their withdrawal from the region. At that time, the United States was passing through a period of self-doubt involving a questioning of the kinds of international policies it should pursue, even in a geopolitical region as close to the American heartland as the Caribbean. Venezuela, however, had grown disillusioned about the utility and importance of recently negotiated cooperative arrangements with the Andean countries. Venezuelan activities in such small Caribbean Basin states as Costa Rica, the Dominican Republic, and Jamaica, in contrast, were seen as having a potentially important effect on events inside these states and in Venezuela itself. Political changes inside many Caribbean Basin states during the mid-1970s had resulted in several democratic leaders coming to power, and many of them looked to Caracas for leadership and advice. In the meantime, this period was one in which Venezuelan territorial claims, involving countries that faced on the Caribbean, received additional attention. Venezuelan elites, therefore, perceived the Caribbean Basin as an area in which they not only could but should exercise influence to advance their nation's interests.

Venezuelan efforts after 1970 to exert influence in the Caribbean Basin were eclectic and only sometimes successful. Indeed, were one to attempt a characterization of Venezuela's Caribbean policy between 1970 and 1983, the politics of experimentation and attempted self-realization would be an apt title. In this process, Caracas discovered that the exercise of influence necessitated dealing to an unprecedented degree with the two other states possessing aspirations to act as regional powers: Mexico and Cuba.

Mexico's dominant foreign policy concerns throughout most of the twentieth century were with escaping from its position of dependency on the United States and with projecting a global presence. During the middle 1970s, a buoyant world petroleum market, the discovery of vast petroleum deposits, and the election of a president who openly preached southern economic nationalism all seemed to portend an increasing Mexican presence in Caribbean Basin affairs. Cooperation between Caracas and Mexico City, however, never fulfilled the expectation of its champions in either capital. The foreign policies of the two countries proved to be conflictual as often as they were complementary: Even cooperation relating to the much discussed Oil Facility became problematic after declines in the demand for petroleum. Consequently, basic decisions concerning the substantive matters and procedures that Caracas will favor in its efforts to achieve sustained cooperation with Mexico were postponed. However, the Lusinchi government would like to move on some of these matters.

Venezuelan-Cuban relations are even more problematic, even as to whether there can be any cooperation at all during the remainder of the 1980s. Caracas seeks to develop common positions with Havana regarding such matters as southern economic nationalism and support for Venezuelan claims in the Essequibo. However, linkages among Castro, the Sandinistas, and insurgents in El Salvador again have raised serious questions about the true intentions of the Cubans in the Caribbean Basin. Evidence suggests that they remain committed, at every opportunity, to the installation of Marxist-Leninist regimes closely aligned with Cuba. These intentions are especially relevant for Venezuela in regard to the English-speaking Caribbean, a subregion in which Havana will be competing with Caracas. Despite Castro's setback in

Grenada, Caracas remains uneasy that Havana will win the competition, for Venezuela recognizes that Cuba has proved itself better at following through on, and in sustaining, foreign policy initiatives. Venezuelans not only fear being outmaneuvered by the Cubans, they are apprehensive that initiatives from any newly installed radical Marxist regime might threaten Venezuelan democracy. If the threat became serious, Caracas would have to seek assistance and support from the United States.

Finally, running through Venezuela's Caribbean Basin policy is the search for ways to deal with the presence of the United States in the region. From the perspective of Caracas, the complex relationship with Washington is one involving dependence, antagonism, and admiration. Venezuelans, for example, publicize their desire to act independently of the United States, but they remain apprehensive that foreign policy losses sustained while operating on their own may place them in an even more dependent position. Also, despite protestations to the contrary, Caracas clearly welcomes Washington's assistance on behalf of pluralistic democracies in the Caribbean Basin. The exception occurs when U.S. assistance also involves the threat of unilateral military intervention—unless, of course, Venezuela perceives itself to be militarily threatened by the offending Caribbean Basin state. In that case, Caracas will silently applaud Washington's military action, as occurred with the military operation carried out by the United States and the Eastern Caribbean states in Grenada in October 1983 following the murder of Maurice Bishop and others, and the seizure of power by an even more extreme Marxist-Leninist and pro-Soviet faction led by Bernard Coard and Gen. Hudson Austin.

Additional management dimensions of the dependence-antagonism-admiration relationship include the economic and military arenas. Economically, Venezuela desires access to U.S. technology and capital at discounted prices, especially in matters associated with oil exploration and processing. Venezuela also expects continued help from Washington in managing her foreign debt. In addition, Venezuelans fear exploitation by U.S. multinational corporations and chafe because of trade policies that are blamed for the failure of their manufactured goods to penetrate the U.S. market. Hence, the economic arena is likely to see both cooperation and friction in the years ahead.

On the military side, despite seeking assistance in procuring hardware and training from the United States, Venezuela's democratic elites have great difficulties in overcoming their concern over the internal political ramifications of an efficient and modern armed force. Also, the Venezuelans interpret their constitution as prohibiting the large-scale presence of any foreign military on Venezuelan soil, even for training purposes. Consequently, the training of Venezuelan F-16 pilots by the USAF may have to take place at bases in the Panama Canal Area or in the continental United States. This suggests that the Venezuelan government does not want to be viewed as a surrogate of Washington and that it intends to downplay military cooperation in public. Nevertheless, because Caracas still perceives the Caribbean Basin interests of the two countries as largely compatible, Washington will be presented during the 1980s with important opportunities to work closely with Venezuela.

The economic crisis that surfaced in early 1983, however, has produced an unanticipated and dangerous situation in which the interests of both countries demand cooperation. While the landslide victory of Jaime Lusinchi and AD in the December 1983 elections gave the new government party working majorities in both houses of congress, unpopular economic decisions were put off until after the May 27, 1984 municipal elections.³ Almost one-quarter of the work

³Washington Post, Washington, D.C., May 29, 1984, p. 10.

force remained unemployed and banks in Western Europe and the United States sought a belt tightening IMF agreement in return for a rescheduling of Venezuela's debt. However, Venezuela's international position and financial prospects improved during May and June of 1984, following attacks by Iraq and Iran on oil shipments moving through the Persian Gulf. In view of its unused daily pumping capacity of 700,000 barrels of relatively secure petroleum, Venezuela now was able to bargain more effectively with the industrial countries for favorable terms in repayment of its debts.

Domestic strains still pose a danger to the viability of Venezuela's democratic order, however. Beyond the obvious necessity of seeking to sell additional petroleum at higher prices, therefore, foreign concerns are likely to remain secondary for President Jaime Lusinchi. Should economic difficulties undermine confidence in the Lusinchi government, Fidel Castro and other radical leftists would be encouraged to assist a Marxist insurgency within Venezuela. The Cuban dictator's affiliated National Liberation Army in neighboring Colombia has refused to enter into any truce with the Betancur government⁴ and has long maintained contacts with such Venezuelan insurgent groups as *Bandera Roja* (Red Flag). If the Venezuelan army were to be tasked with maintaining order in the economically depressed urban areas, a resurgence of guerrilla violence could severely strain both Venezuelan military capabilities and civilian democratic institutions.

Thus, it is in the U.S. interest to provide assistance to preserve Venezuelan democracy. By working with the Lusinchi government to put its economic house in order, Washington might well avoid a situation in which major military investments are required to prevent Venezuela from becoming a vulnerable target of opportunity for the Soviet Union, Cuba, and their allies. Even if some Caribbean Basin policies pursued by a reinvigorated democratic regime were to be at odds with Washington's preferences, there still remains a greater overlap of interests between a democratic Venezuela and the United States than with any other form of government likely to emerge in Caracas. While sharing such values, however, the United States will also have to take care not to push the Venezuelans too hard or embrace them too enthusiastically in public.

⁴On May 26, 1984, the Colombian government announced that two guerrilla groups, M-19 and the Popular Liberation Army, had signed a one year truce. A third guerrilla organization, the Colombian Revolutionary Armed Forces, signed the truce two months earlier. However, the National Liberation Army, a group allied with Castro, refused even to negotiate. The Colombian Defense Ministry estimated that group to have about 3,000 members. *New York Times*, May 27, 1984, p. 2.

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